



LOMBARD

# Jobless at home and abroad

BY SAMUEL BRITTON

"EITHER you are unemployed "correct" figure but a whole spectrum of degrees of involuntariness—among those reported as being without jobs.

Needless to say, national statisticians do not think in these terms. But the U.S. Bureau of Labour Statistics has attempted to put the figures for different countries on a comparable basis and the results are reported in the July Department of Employment Gazette, which lists the main differences between some leading countries.

The broad distinction is between countries which use Household Surveys, such as the U.S. and the more common European practice of going by numbers registered for employment with the State Employment Service. The survey method tends to produce a higher total, in the U.K., for instance, married women who do not pay the full National Insurance contributions are not eligible for benefit and therefore have less incentive to register. Similarly people voluntarily leaving a job are not eligible for benefit for six weeks in the U.K.; and some voluntary job changes would therefore be excluded from the British, but not the American, figures.

## Available

It is not at all obvious whether someone is "available for employment" in the British sense or "seeking work" in the sense of an American survey. There are degrees of seeking and degrees of availability. Everything depends on the practices of the registration authorities, which can be learnt only by personal familiarity and not just by reading definitions.

In a Japanese survey in 1971 it was found that 5.8m. people were "wishing" work, 2.2m. were "earnestly wishing" work and 1.7m. "seeking" it. One would have to be fairly familiar with the Japanese idiom to know exactly what lay behind the notions translated by those words. As a practical matter the U.S. survey will include someone in its unemployment sample only if he or she has actually taken steps to find work in the previous four weeks—although I do not know how reliable people's own reports in sample questionnaires are on such matters.

A market economist would want to know the sort of wage at which a person was prepared to take employment, the kind of jobs he would consider, whether and how far he would be prepared to move, and the changes in working conditions and other dimensions of job attractiveness he would accept. Such considerations would lead not to a single

## More reliable

The corrected international comparisons show at the beginning of 1975 a British unemployment rate of 6.2 per cent, which is lower than that of the U.S. and Canada, but higher than that of Japan, France, Germany, Italy and Sweden. Even these corrected comparisons cannot however bear too much weight: U.S. unemployment is traditionally heavier than European, but a larger proportion is of short duration, job-seeking variety.

More reliable are comparisons not of levels but of trends. This shows how far the U.K. is lagging in the economic cycle. The U.S. unemployment peak was reached in the spring of 1975. The German peak was reached in the third quarter of that year. Even Italy seems to have reached the peak in the final months. It is only in Britain and (to a smaller degree) in France that unemployment has still been rising in 1976. By refusing for so long to countenance anti-inflationary policies which might put employment at risk, British Governments have not prevented a sharp rise in unemployment, but have only dragged out the cycle and postponed the jobless peak.

Politicians of the Heath-Healey school, who accuse monetarists of being indifferent to unemployment, should look at the Department of Employment table; and then when they think again. Then perhaps they can say whether their policies have led to "acceptable" levels of unemployment. They might also explain what it is that is living in ivory towers. The correspondence columns are open.

WINE

BY EDMUND PENNING-ROSELL

# Supplies still flood London salerooms

IN THE 1975-76 wine-auction season in London, just ended, there has been no drying-up of the flow of wines through the saleroom. Both the number of sales held and the net turnover continued to rise. No fewer than 78 wine auctions were held in London, compared with 66 in the previous year, and turnover exceeded £5m., compared with about £2.1m.

Christie's with 39 sales and a turnover of £1.02,000 have held their place as the leading wine auctioneers, but Sotheby's with 18 sales and a net turnover of £843,000 also showed a healthy if smaller percentage increase than Christie's.

Then Phillips and Bonhams,

recent newcomers to wine-auctioneering between them contributed 21 sales and turnover of £73,000 and £127,000 respectively; and Phillips added another £31,000 to their total with sales in Birmingham and Edinburgh. Further afield, Christie's and Sotheby's held wine auctions in Amsterdam, Geneva and South Africa, together adding a further £35,000 to their figures.

## Tenth season

Christie's have now completed their tenth season of selling wine and spirits since they re-started wine auctions in October, 1966; and the development of the wine auctioneering business within a decade is little short of astonishing.

In their first season the net turnover from a generous programme of 32 sales was the then-considered respectable total of £21,000.

Much of the increase in the number of sales and turnover has, of course, stemmed from the speculative boom of 1971-73, its subsequent collapse and the crisis in the Bordeaux trade. Both boom and bust led to exceptionally large amounts of wine coming onto the market. Since these could not possibly be absorbed through normal trade channels, very favourable opportunities have been afforded the auctioneers—and the fine-wine buying public.

Last season's most outstanding example of this was the two-day sale in March of 31,500 cases from the stock of Delor, the Bordeaux house of Allied Breweries. All but about 750 cases were actually sold for a total of £878,000. The wine lay in North from Leeds, Manchester, Newcastle, Midlands Today from Birmingham, Look East from Bristol, Points West from Southampton, Spotlight from South West (from Plymouth). B.C. 2

All Regions as BBC 1 except 7.00-7.55 a.m. Open University (UHF only), 9.45 Adventure of Tin Tin, 9.50 Jackanory, 11.05 Belle and Sebastian, 12.30 Roobarb, 10.35 Vision On, 1.30 p.m. Andy Pandy, 1.45 News, 3.00 Ar Glawr, 4.25 Regional News (except London), 4.25 Play School, 4.50 We are the Champions 1976, 5.10 Lippy Lion and his Friends, 5.40 Barbabapa, 5.50 National, 6.45 The Beatles: "Help!" 8.10 Sutherland's Law.

**F.T. CROSSWORD PUZZLE No. 3.153**

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18							
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23	24	25					
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27	28	29					
30							

**ACROSS**

- Abstract and assimilate inwardly (6).
- Permit to hand the wine (6).
- Horse the French must follow (6).
- It is by ploughing (5).
- Large glass vessel (8).
- Dressing Papress's girl (5, 3).
- Gland creating ill-humour (6).
- Money to breed (4).
- Coloured soldiers' contemptible scoundrel (10).
- Curb—a place of trade in storm... (10).
- ... and a place to identify (4).
- Give up office and endorse again (6).
- The explanation of a liquid mixture (8).
- Tended to be leaning (8).
- Cake for parasite (6).
- Planned to autograph during act (8).
- Going up for a bouquet (6).

**DOWN**

- Soldier having women's dress and nothing more on... (7).
- ... and professional complainer pleased to be on top of roil I put up... (9).
- ... and soldier I must leave to join up (6).
- March without leader but in step? (4).
- Check one sheet and strike (8).

**SOLUTION TO PUZZLE No. 3.152**

DOOR	MATTS	MASSIF
L	N	O
GR	O	R
AM	E	I
P	Y	P
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GO	SL	4
CR	LN	4
IN	ROAD	4
VI	VIOL	4
SO	LENCE	4
OL	DE	4
RE	IR	4
POSE	HEATHENS	4

**7 Cat taking part in panty uncertainty (5).**

**8 Walked briefly through little Edward (7).**

**9 One side accepting evil plunder (7).**

**14 Southern invitation to work for fish and meat (7).**

**17 Apparatus used to put apple round one broken can (9).**

**18 Chanting about Oriental and screeching (8).**

**19 United to spoil bad ride (7).**

**21 Coloured chap is touching without passing through (7).**

**22 Disturbance—a queen's matter (6).**

**24 Hits in footwear (5).**

**26 Male goes to Royal Exchange in the present state (4).**

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RE	IR	4
POSE	HEATHENS	4

**Verdi, Elgar, Saint-Saëns, Butterworth (5).**

**247m. (5) Stereophonic broadcast as Radio 2 7.00 High Sheriff (5).**

**248m. 9.00 The Story of the BBC (5).**

**249m. Edward Stewart with the Radio 1 Roadshow from Aberystwyth (5).**

**250m. Pauline Quirke (5).**

**251m. 10.00 The Queen's Birthday Honours (5).**

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## WORLD TRADE NEWS

# Hopes of Boeing-Japan deal

BY CHARLES SMITH

JOINT development work on the long delayed Y-X project involving the Boeing Aircraft Company, Aeritalia of Italy and the liners.

The talks were said to-day by an official of the Ministry of International Trade and Industry to have settled some of the major points at issue over the terms of Japan's participation in the project.

The Y-X project is for the development of a short to medium-range three-engined airliner with short take-off and landing capability and 10 per cent less fuel consumption than present-day airliners. The Y-X would use a new engine (possibly either the General Electric-SNECMA CFM 56 or the Pratt

and Whitney JT 10 D) and will have a radically different wing design from conventional aircraft. It would appear that Boeing has agreed to a fairly high degree of Japanese autonomy under pressure from MITI.

Japanese aircraft industry has a good chance of going ahead this autumn following successful talks last week between Boeing and the Japanese.

The two main points of disagreement between Japan and Boeing have been the degree of "autonomy" to be enjoyed by the Japanese aircraft industry in developing the Y-X and the amount of a "goodwill payment" which Boeing has been requesting as a prelude to joint development work.

The issues covered under the heading of "autonomy" are weather Japan will have full access to Y-X technology and whether complete aircraft will be built in Japan or alternatively whether the Japanese industry will be confined to an for the Y-X project during the

current year the bulk of which is a carry-over from its 1975 Y-X budget. Three-quarters of the budget is earmarked for expenditure on joint development with Boeing which will not be possible until the "basic memorandum of agreement" has been signed.

The Y-X is expected to come off the production line some time between 1981-82 at the latest. Its STOVL capacity and low noise levels could make it attractive to two of Japan's domestic airlines, All Nippon Airways and Japan Domestic Airways, but probably not to Japan Airlines which flies only trunk routes although some of these are inside Japan itself.

The developers also see a market in South-East Asia. The project is of vital importance to the Japanese aircraft industry which has been without a major civil aircraft project since the phasing out of the YS-11 turboprop airliner three years ago.

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## Food, drink lead French export rise

By Robert Mauthner

FRANKFURT, August 9.

WEST GERMAN shipbuilders, faced with a heavy decline in new orders, have renewed their bitter attack on the Japanese.

They accuse Japan's shipbuilders of distorting competition through drastic and uneconomic price-cutting.

A statement from the West German Shipbuilders' Association, Verband der Deutschen Schiffbauindustrie, states that Japanese yards have been quoting prices that lie between 20 and 40 per cent below West German levels.

The result, it says, has been "ruinous competition" in the international market.

Behind the attack lies the disturbing news of a heavy fall in orders for West German shipyards. In the first half of the current year, the yards landed 46 orders for new vessels totalling 132,251 gross registered tonnes (GRT) and worth a total of DM761m. (£167.8m.).

This is very much lower than the rate of deliveries and indicates that the West German yards could well be even shorter of work than they had previously

forecast. Deliveries in the first six months of 1976 totalled 99 German yards—already suffering from the problems caused by the 653,000 GRT and worth about 24.4 per cent upwards revaluation of the D-mark that had taken DM1.937bn. (£426.7m.).

The year's total output is place since March 1973 and high estimated at 200 units of 2,389m. West German ship costs—were DM1.2bn.). This compares with last year's output of 2,389m. GRT. The West German shipbuilders which was worth DM4.5bn. (£901m.).

West German tempers are current overcapacity. They have even further enraged by already pointed out that between evidence that the Japanese have 1963 and 1977-78 Japan's shipbuilding capacity will have increased by 370 per cent, while half of new orders some 34 Western Europe's will have increased by only 270 per cent.

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This figure was considerably higher than that for semi-finished products which totalled only Frs.6.8bn., after declining by 13 per cent during the five-month period compared with the first five months of 1975. Exports of ores and non-ferrous metals, however, went up by 18 per cent, while those of machinery rose by 18 per cent.

The motor-car sector also did well, with exports of cars rising by 13 per cent, to Frs.14.8bn., but chemicals declined by 9 per cent, and textiles and leather by 3 per cent.

The European Community remained France's biggest export market taking 52 per cent of the total, with West Germany alone accounting for 17.5 per cent. Sales to EEC countries went up by 19 per cent, but the increase in some other markets was even sharper—22 per cent for the U.S., 28 per cent for the Soviet Union, 38 per cent for Iran, 50 per cent for Poland, and as much as 127 per cent for China.

Indeed, French exports to Communist countries now make up more than 6 per cent of total sales abroad.

## Norsk Hydro Danish PVC plant study

Financial Times Reporter

KemaNord of Sweden and Norsk Hydro of Norway are examining the possibility of building jointly a polyvinyl chloride (PVC) plant in Denmark.

The plant envisaged would have a capacity of 50,000 tons of PVC per year.

It would be built on the industrial site owned by KemaNord at Skelskoer on the island of Zealand.

KemaNord and Norsk-Hydro would each own 50 per cent of the plant.

There are at present no PVC production facilities in Denmark and the plant would aim to supply the Danish home market.

According to present plans it would come on stream at the beginning of 1979.

## NY tries out Leyland double-decker buses

A mini fleet of eight Leyland double-decker buses painted in red, white and blue livery, is to be the first double-decker in the world to be fitted with air conditioning, they are to take part in road trials in New York to test their usefulness in handling commuter traffic.

They will go into service on 5th Avenue, Manhattan, operated by the New York Metropolitan Transit Administration and sponsored by the U.S. Urban Mass Transportation Authority.

They will be the first double-deckers to operate in New York for 25 years.

## Aiwa U.K. subsidiary

Aiwa Company, a major Japanese maker of acoustic equipment, said it has established a wholly-owned subsidiary in Britain to consolidate its sales and service network in the country, UPI reports from Tokyo. The new company, Aiwa Sales and Service U.K., is the company's seventh overseas venture.

## VW Algerian talks

Volkswagenwerk is negotiating with Algeria for an export order for 15,000 Fiat, Passat and Brasilia models, to be provided jointly by VW plants in Germany and Brazil, a company spokesman said, Reuter reports from Wolfsburg.

He added that VW is still discussing with the countries concerned the building of car assembly plants in Algeria, Syria and Iraq, but no definite date for a decision is in sight.

## Work resumes at Ford parts plant in Argentina

A FORD Motor Company spare parts subsidiary here, Transax, resumed operations to-day after a four-week shutdown due to an economic recession in Argentina, company officials said.

A General Motors Corporation unit has announced week-long closures for mid-August and mid-September. Ford staged

closedown in June and May.

Other foreign car makers, such

## AMERICAN NEWS

# Kissinger and Bhutto fail to settle nuclear issue

LAHORE, August 9.

Pakistan is scheduled to receive \$1.5bn. in U.S. economic aid this fiscal year. A senior American official told reporters travelling with Dr. Kissinger that the Secretary of State indicated that the sale of Corsair light attack planes, which Mr. Bhutto wants to be held up until a satisfactory deal is reached.

U.S. law requires the cut-off of aid to a nation which receives a reprocessing plant without agreeing to place it under international control because the plutonium produced as a by-product could be used to build nuclear weapons.

Dr. Kissinger reportedly told Mr. Bhutto that he faces loss of American economic aid and arms sales unless he agrees to safeguards to prevent Pakistan using the reprocessed

blackmail on either side. U.S. law requires the cut-off of aid to a nation which receives a reprocessing plant without agreeing to place it under international control because the plutonium produced as a by-product could be used to build nuclear weapons.

U.S. officials suspect that the Pakistanis want to operate their own reprocessing plant so they can match India's atomic bomb.

## U.S. warning reflects concern

WASHINGTON, August 9.

International Atomic Energy Agency is but the latest series of similar controls but one excoriated by dogmatic American political factors. The essential disagreement between France and the U.S. one of method rather than principle. Paris, it is argued, has as little desire as any exporting power to see the controlled spread of nuclear weapons help make available.

But the American insisted regional internationally controlled plants is regarded as meaningful but simply unworkable. France, although it has signed the Nuclear Non-Proliferation Treaty, has abided by norms laid down by the International Agency for the Study of Nuclear Energy.

Simultaneously with Dr. Kissinger's warning to Mr. Bhutto has come an admission from the Secretary of State, in a letter to Congress released yesterday, that there is a "high probability"

that American "heavy water" plants in operation and yet is just beginning construction of reprocessing plants.

Not the U.S. happy with the safeguards that France is proposing to the secret talks in London last year, held between Pakistan's major nuclear suppliers, the remaining agreement to tighten security on the sales of plants already under negotiation, including France's proposed deal with Pakistan.

U.S. officials feel strongly that there is not any economic justification for the French plant in Pakistan. For a start, they say, power station and reprocessing plant to Pakistan, despite the only existing nuclear plant, a Canadian-built power reactor, is "not comparable" with the French reprocessing plant, and go through.

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## OVERSEAS NEWS

# Fresh violence flares in South Africa townships

**ACK VIOLENCE** spread through South African townships yesterday and police said they opened fire on rioters, wounding four.

A police officer at Mofokeng township, near Randfontein, east of Johannesburg, said one had killed one black man and wounded an unknown number.

But a senior police spokesman denied this, saying only two blacks were wounded when police fired several shots into the township.

Massing crowds, attempting to break down a Government administrative building in Johannesburg's eastern suburb of Mofokeng, were dispersed by tear gas.

Students are protesting at the continued detention of their leaders rounded up in mid-June after South Africa's worst race riot when 176 persons were killed in one week.

A surge of black students, led by the parliament of the semi-autonomous Homelands in its capital of Mafekeng, 9 miles west of Johannesburg, were reported from all over the Republic's provinces after a weekend of relative calm in most black townships with a full nationwide alert.

In Soweto, on Johannesburg's southern outskirts, South Africa's largest all-black township of 1.5 million inhabitants was tense and totally unpredictable.

Police chief Brig. S. W. Lerole said: "We don't know from minute to minute what is going to happen. It seems they only need to see a white face for things to spark off again," a policeman said.

The main roadblock said mixed black and white police riot units in green camouflage, armed with automatic weapons, patrolled the dusty streets.

By late afternoon sporadic bursts of gunfire still crackled around the township. Delivery

Agencies.

## IMF credit for Pretoria

BY GRAHAM HATTON

JOHANNESBURG, August 9.

SOUTH AFRICA has arranged a standby credit of SDR 162m (£151m) at the International Monetary Fund. Finance Minister Owen Horwood announced in Pretoria today SDR 36m represent the balance of South Africa's enlarged first credit tranche and SDR 116m the enlarged second tranche.

The Minister did not state the conditions laid down by the Fund for South Africa to draw the standby.

Foreign exchange reserves have slumped by £550m in the past four and a half months, reflecting a wide current account deficit uncovered by any significant net inflow of foreign capital.

## Beirut factions fear escalation

BY HASSAN HIBAZI

THE implementation of the new Palestinian agreement to abdicate the rival factions in the Lebanon civil war are bracing themselves for confrontation and military escalation.

Mr. Kamal Jumblat, the leader of the Moslem Left-wing alliance, told reporters last night: "We expect a long war long as the Syrian forces remain here." He spoke at the end of a four-hour meeting of the combined leadership of his alliance and the guerrilla movement.

Papers close to the alliance reported today that the leadership had laid down plans for a long drawn-out confrontation.

Two guerrilla leaders have spoken of more fighting ahead. George Habash, the secretary-general of the militant Popular Front for the Liberation of Palestine, told a rally in the southern port of Sidon yesterday

that the combined Palestinian and Left-wing forces must hold on to the territory they now control.

He said that the course of compromise must be set aside and that of revolutionary struggle must be followed.

Mr. Nafez Hawatmeh, the head of the Democratic Front for the Liberation of Palestine, said at a separate rally in the same town that a more difficult and serious period of struggle "is still ahead of us."

A big Right wing force was reported to have been massing at the mountain village of Al Junibar some seven miles east of here on the main Beirut-Damascus highway. Palestinians and the Left believe that the Right is getting ready either to attack the embattled Palestinian camp of Tal al Zaafer, or to launch a new offensive either in the eastern mountains or against the southern Beirut suburbs. One paper, the Left-wing Al homeless.

## Libya charged with Arab subversion

BY OUR OWN CORRESPONDENT

BEIRUT, Aug. 9. INFORMED observers see the signings of an inter-Arab underground war which they predict will gain momentum in the future. The two explosions yesterday at a Government building in Cairo which injured 14, the assassination in Damascus last month of a member in the ruling party leadership, and the reported arrests in Baghdad a few days ago of a Syrian subversive, were some examples of it.

The Egyptians have blamed Libya for the explosions, just as President Jassar Nasrallah, the commander-in-chief of the armed forces, has blamed Col. Muammar Khadafy for masterminding the abortive coup attempt in Khartoum last month. The Libyan regime was reported to have taken precautions against what Col. Khadafy regarded as an Egyptian-Saudi alliance to topple him.

In Syria, the appointment of new minister of the interior, Col. Abd al-Rahman Khader, which was announced yesterday, was seen as a sign of an intended underground rapprochement between the rival regimes of Damascus and Baghdad.

## Sudan stages anti-U.K. demo in Khartoum

BY ALAN DARBY

KHARTOUM, August 9. TO-DAY'S government-organised demonstration, and political rally, in the square facing the British Embassy in Khartoum seemed more a token protest against the British Government than a representation of anti-British feeling on the part of the Sudanese people.

Extensive press coverage of the rally is expected tomorrow after which the anti-British campaign which last Friday included a ministerial attack on the BBC may come to an end.

While a crowd of upwards of 2,000 shouted "down, down British crown" and "Down, down BBC" cords of police protected the embassy building and other British centres in Khartoum. The crowd was well organised and well controlled and there was no hint of violence at any time.

The crowd was addressed by Khartoum commissioners and the Sudan Social Union's Khartoum branch of Premier Maj. Gen. Abd al-Razak al-Khalil, which was seen as a sign of an intended underground rapprochement between the rival regimes of Damascus and Baghdad.

## Fresh earthquake tremor reported in China

PEKING, August 9.

PEKING today a momentary train and a hospital building subsided into the ground when the earthquake undermined the support structure of the coal mine catacombs under the city itself.

From the Sydney Morning Herald.

Earthquakes from Tokyo and Taipei: The Japan Meteorological Observatory Agency reported that its Matsushiro Earthquake Observatory had recorded a tremor lasting several minutes and measuring about five on the open-ended Richter scale, at about 7.45 a.m. local (22.45 GMT Sunday).

The Observatory could not point to the epicentre but said it appeared to be in the general area of Tangehan.

It was the first tremor to be registered in Peking since August 2, when post-quake ticks of considerably less force were felt.

The significant tremor today is certain to extend the period of the earthquake alert, now its tenth day, just as people are beginning to drift back into their apartments and houses.

Today Chinese officials were giving access to the second of two tower blocks here to foreigners. The one lived to have suffered some natural damage from the 7.8 quake, say an entire

Prosecutors investigating the Lockheed payments scandal indicted Mr. Toshiro Enomoto, a secretary of former Prime Minister Kakuei Tanaka, yesterday, for allegedly receiving Yen 500m (£1.7m) of Lockheed money for Mr. Tanaka. AP-DJ reports from Tokyo.

The money, allegedly, was passed on four occasions between August 10, 1973, and March 1, 1974. The indictment thus came one day before the three-year statute of limitations would have expired for the first alleged transfer.

Mr. Tanaka so far is the only politician among 16 people arrested in Lockheed investigations in Japan. He and Mr. Enomoto both were arrested on July 27 and have been held in detention since.

## ON OTHER PAGES

International Company News: Creditanstalt results

Pacific Lighting gas deal

Farming and Raw Materials:

U.S. grain outlook

EEC milk move

## Singapore records 7 per cent growth

BY OUR OWN CORRESPONDENT

SINGAPORE, August 9.

SINGAPORE achieved 7 per cent economic growth for the first half of this year, compared to zero growth for the first half of last year.

This was disclosed by Singapore's Prime Minister, Mr. Lee Kuan Yew, in his annual message to the nation.

He said that the republic's economy was picking up and prospects for 1976-77 were good. For the whole of 1976, GNP growth of 6.5 per cent could be expected, compared with 4 per cent, last year.

Foreign investments were also picking up, he said, with \$550m committed for the first half of this year, compared with \$350m for the second half of last year.

However, these investments were in small and medium-sized projects. The big projects were still held up partly because of excess manufacturing capacity in America, Japan and Western Europe, and partly because of investors' caution.

These investors wanted to assess the stability of non-Communist South-East Asia after last year's Communist take-overs in Indochina.

On this, Mr. Lee noted that though there had been some increase in Communist insurgents' activities in Thailand and peninsula Malaysia, the situation had remained stable.

"We have good relations with all our neighbours in Asia," he said. "They are based on growing confidence and understanding of each other gained over many years.

"There is now a beginning for long-term economic co-operation, but the pace is slow compared to what can be achieved in the ASEAN trading arrangements.

"However, there is good co-operation in matters of security.

We have made a start in normalising relations with Vietnam and Kampuchea. We want peace in South-East Asia."

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## CONTINUING UPSWING FORECAST

# Recovery firmly established

A CONTINUING upswing in Japanese economy is forecast in the latest annual report on the country by the OECD, published today. The report points out that the growth of output accelerated very considerably in the first months of this year, owing to a sharp increase of exports and a strengthening of domestic demand. The recent movement of letters of credit for exports point to a significant deceleration of the growth of exports in coming months, but other forward-looking indicators such as judgments in the business situation suggest that the recovery is now becoming firmly established. Following a prolonged decline, the ratio between job offers and job seekers has been rising since December. The following are extracts from the OECD's conclusions and forecasts:

INVESTMENT: Gross fixed capital formation is expected to remain moderate until the end of the year, as the rise in labour input may mainly take the form of longer working hours and a

material's should expand more rapidly reflecting the steepening trend of production. Precautionary accumulation could take place, induced by expectations of rising world commodity prices. Overall, the ratio of stocks to total final sales is forecast to remain at its present high level, implying only a moderate contribution of stockbuilding to the growth of GNP.

EMPLOYMENT: The increase in employment is forecast to remain moderate until the end of the year, as the rise in labour input may mainly take the form of longer working hours and a

reduction of disguised unemployment. The trend of employment could slow down in the first half of 1977, but in view of a likely increase in participation rates of irregular or marginal workers, including housewives and the seasonally employed, unemployment may edge down only slowly, from 1.8 per cent, seasonally adjusted in the first quarter of 1976 to approximately 1.6 per cent by mid-1977. The passing through to private investment of the expansion of the labour market will be increasingly difficult, as the upward pressure on wages may continue throughout the year, especially during the summer. Subsequently the moderate outcome of the spring wage round and rapid productivity increases associated with the upturn in activity should provide a restraining influence. But much will depend on the future trend of international commodity prices: assuming a rise of around 9 per cent over the next 12 months, wholesale prices may increase during the period by some 5 to 6 per cent. The trend of consumer prices over the next 12 months will be affected by similar factors.

CONSUMPTION: Following a marked increase in the first quarter of 1976, real private consumption is expected to remain an element of some strength, although less so than in FY 1975.

STOCKS: The strength of inventory accumulation during the forecast period is uncertain. The level of capacity utilization and the weak, albeit improving, corporate profit situation still likely to prevail for some time, may reach an annual rate of approximately 7 per cent in the first half of 1977. In spite of some absorption of economic slack, the margin of unused resources as measured by the GNP gap, is expected to remain substantial.

GIVEN the assumptions adopted for fiscal policy, public investment is expected to remain an element of some strength, although less so than in FY 1975.

STOCKS: The strength of inventory accumulation during the forecast period is uncertain. The level of capacity utilization and the weak, albeit improving, corporate profit situation still likely to prevail for some time, may reach an annual rate of approximately 7 per cent in the first half of 1977. In spite of some absorption of economic slack, the margin of unused resources as measured by the GNP gap, is expected to remain substantial.

GIVEN the assumptions adopted for fiscal policy, public investment is expected to remain an element of some strength, although less so than in FY 1975.

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## HOME NEWS

# £3m. expansion plan for Coventry Climax trucks

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

A £2M. EXPANSION programme for Coventry Climax, the industrial truck concern which is part of British Leyland's engineering division, was announced yesterday.

The move coincides with a definite change in fortunes for the fork-lift truck industry which has been wracked by the worst recession in its history.

The company managed to maintain five-day, full-capacity working through the recession and now that the economy is improving, Mr. Pat Lister, the managing director, says it will increase fourth-quarter production by 20 per cent, something the expansion programme will allow it to achieve.

This improvement has also been felt at Coventry Climax's major British-owned rival, Lancing Bagnall, who has told employees that there will be no more short-time working this year.

## Stonehouse move to quit expected

MR. JOHN STONEHOUSE is expected to resign as MP for Walsall North before any moves are made to expel him from the Commons this autumn.

His solicitor, Mr. Michael O'Dell, said after visiting Mr. Stonehouse in prison yesterday that he had no reason to believe that the MP would not stick to his pledge made during the Old Bailey trial to resign from the Commons.

Mr. O'Dell added that he was studying transcripts of the trial with a view to a possible appeal, but Mr. Stonehouse had not yet indicated his intentions.

Commenting on Mr. Stonehouse's salary, as an MP, Mr. O'Dell said: "He can never get his hands on that money. No prisoner can receive money. He is a bankrupt and any money there is available will go into that bankruptcy."

The outcry from Labour and Tory MPs against Mr. Stonehouse's position as an MP was condemned as "nauseating hubris" yesterday by Dr. Frank Hansford-Miller, chairman of the English National Party which Mr. Stonehouse joined four months ago.

Climax investment will be acquisition, for £450,000 of over a five-year period and will be financed entirely from added side-loader trucks to the Leyland Special Products' own Climax range which now comprises more than 100 models.

Leyland Special Products takes in 15 other companies apart from Climax with sales totalling about £150m. a year.

Last year pre-tax profits were £6m. and they are set for a big increase in the current financial period.

It is part of a plan to double capacity to 5,000 units a year by 1980. This would still leave it with less than half the capacity of Lancing Bagnall.

Mr. Lister said that work will start immediately on "the most important modernisation programme in the 70-year history of the company."

Half the money would go on machine tools and equipment, most of it British—provided prices and delivery dates are competitive."

There has already been substantial reorganisation at Coventry Climax since Leyland went into the TEEB's wing last September. The first phase of the expansion programme cost £500,000 and there was also the

£500,000 for the operations of the Aveling Barford subsidiary.

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# APPOINTMENTS



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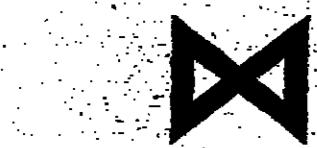
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The Agency proposes to appoint the Head of a new Strategic Planning Unit, responsible to the Chief Executive, to play a leading role in the development of the Agency's economic and industrial policies.

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**Scottish Development Agency**

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For further information and application form, please apply giving age and brief details of qualifications and experience to:

Appointments Officer

Room E301

### Ministry of Overseas Development

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TUESDAY, AUGUST 10, 1976

## The prizes go to Japan

THE OECD report on Japan remarks on the U.S. economy published to-day is broadly congratulatory, and deservedly so, to the need to consolidate the recovery without rekindling inflation. There is a warning note about the desirability of reducing the unused resources in order to keep the recovery going and to restore business and consumer confidence, but that is about it.

What is interesting, however, is that having overcome the recession Japan is seeking a different kind of economic development for the future. It is now going through what the OECD calls a "transition to a more social welfare oriented economy." The change is deliberate and is laid down in the medium term Economic Plan to 1980. Essentially it reflects a general consensus in favour of slower growth (slower, that is, than the average of 9.1 per cent. in the period 1956-74) and a more pronounced orientation of resources towards welfare. The growth rate, according to the Plan, will come down to an average 6.1 per cent. a year.

### Taxation

The Plan also provides for a significant increase in the tax burden which the OECD notes may have implications on the inflation front. Yet, comparing the Japanese to other economies, it would seem that there is sufficient leeway for this to take place without major disruption.

As a percentage of GNP taxation in Japan was running at an average of only 31.27 in the early 1970s against 34.22 in Britain, 27.80 in the U.S. and an OECD average of 31.06. Japanese social security contributions, which would obviously have to go up, are also remarkably low as a share of GNP by OECD standards. There may, of course, be unpredictable political factors, but on paper the economic aims of the Plan look achievable. Certainly judging by the way the Japanese have dealt with their economic problems of the past, there seems no reason for undue scepticism now.

**Slack**

Even now, with recovery from the longest and deepest post-war recession under way and first quarter GNP advancing at an annual rate of nearly 15 per cent., there is still substantial slack. In March this year industrial production, though rising sharply, was still 7.8 per cent. below its peak in November 1973; in the manufacturing sector alone it was nearer 20 per cent. below. Measured in terms of "GNP gap"—the difference between actual and potential GNP—the OECD reckons that the margin of unutilised resources was still around 10 per cent. in the spring of this year.

With a performance like that, who needs advice from outside? And indeed the OECD, as in its

## U.K. inflation now on a plateau

WHEN Mr. Macmillan was in office since April 1975, Chancellor of the Exchequer in 1956 his aim—not quite here is highly deceptive. It achieved—was to secure a mainly reflects the fact that the prices plateau, as at least a temporary breathing space in the inflationary process. No one supposes that a prices plateau is worth talking about to-day. There are signs, however, of an inflation plateau. This is a very different thing and represents merely stability in the rate at which prices are increasing.

Judging by retail prices, the underlying rate of inflation has remained at about 13 per cent. for the whole of the first half of 1976. The July Wholesale Price Index was 143 per cent. above that of a year ago. This index too has shown a stable rate of increase for some months past. It has been more or less officially admitted that the plateau is likely to remain for the rest of the year and that hopes for moving down to a single figure percentage rate of increase have been postponed until well into 1977.

### Two forces

In the meanwhile, however, there should be two opposing forces working on prices. There will be the lower wage norm: but this will be offset by the effects of the recent sterling depreciation, which has still to come through into the domestic price level. Even without the depreciation, the recovery in world commodity prices would also have affected British import prices. The two effects cannot be relied upon to offset each other exactly and there could be wobbles on the plateau.

A slight wobble is produced by the tendency of companies to make price increases at the beginning of every quarter under the Price Code procedures. This helps to explain why the July index for non-food manufactured products rose by 11 per cent. which is rather higher than in earlier months. But this particular fluctuation is too small to affect the general inflationary picture.

An important fluctuation is in pay restraint. It is difficult to argue with the view that if the purchased by manufacturing industry. This rose by a half per single figures, it will not be for cent. in July, the smallest in very long.

The initiative has swung away from the developing country producers. An assessment by Rhys Davies

# Aluminium giants recover their self-confidence

THE HANDFUL of companies which dominate the world's aluminium industry are beginning to recover their self-confidence. Not only are prices and profits rising in line with improving sales, but they are also feeling less vulnerable to the demands and ambitions of the developing countries. For while a number of these countries are using their bauxite or energy resources to build new aluminium smelters, it is becoming increasingly evident that their investments are not about to change the balance of power in the industry, at least in the near term, and the established producers can afford to select carefully which of the new schemes they associate themselves with.

The recovery which has taken place so far is the result of substantial increases in demand from main markets around the world as activity in building, packaging, vehicles and other important aluminium-using industries has picked up. All four big North American producers—Alcan, Alcan, Reynolds, and Kaiser—have announced improvements in their results for the first six months of the year.

In Europe, too, where the world's two other "majors"—Alusuisse and Pechiney—are located, producers have returned to profit this year.

The industry has responded to the better demand—up as much as 30 per cent. in the first six months of this year over last year's very depressed levels—by raising prices. Alcoa announced last week a hefty 4 U.S. cents per lb rise in price to 45 cents per lb in its U.S. price while Kaiser has decided to raise its international price by the same amount again to 48 cents.

Hopes that the recovery on this occasion will lead to a prolonged period of higher profitability are based on the shortage of supply which is now expected to develop over the remainder of the decade. Poor returns in recent years—mainly as a result of inflation and price controls—in a number of countries—has meant that very little new capacity has been added.

Whereas total Western world capacity increased between 1968 and 1972 by 83 per cent. in the six years to 1978 the increase is put at only 26 per cent. Present world capacity of 13.8m. tonnes is expected to rise by only 10 per cent. to a proposed 15.0m. tonnes per year by 1978.

Some leeway exists in the form of stocks—a total of 4.3m. tonnes in May against a peak of 4.8m. tonnes in August last year—and in unused capacity. The industry dropped to under 80 per cent. capacity utilisation last year; it is expected to reach around 90 per cent. by the end of this year and could be at full operating rate a year later. Thus, shortages could be a major aluminium producer,

quoting as necessary to justify the cost of which is estimated to have doubled since 1973.

In the past few years most of the running on new investment has come from the developing countries, anxious to take advantage of locally available bauxite or energy resources to move forward into manufactured products of greater added value.

Thus Venezuela is planning to increase its own smelting capacity to 400,000 tonnes greater than the U.K.'s total output—using Caribbean bauxite and its own energy resources. Mexico and Jamaica

are also looking to extend their smelters into the Middle East. Brazil is also likely to become a major new source of supply for North America.

The Jamaicans are still negotiating with Alcan to have been unable to agree a formula for costing alumina exports. Alcan is understood to have offered to sell its entire alumina operation to the Jamaicans but scuttle economic problems on the island as a result of the recession are frustrating this. The Jamaicans for their part are hoping the new smelters will be built in the Caribbean will provide substantial new outlets for their bauxite and alumina and they are also seeking to extend their sales to potential new smelters in the Middle East.

The "majors" have also been trying to reduce their dependence on imports of bauxite with the development of alternative sources of alumina. Alcan is on the point of bringing into operation jointly with Pechiney a 20 tonnes per day pilot plant at Marseilles which will use a new acid process for extracting alumina from clays. The big U.S. companies are also engaged in similar programmes.

In bauxite the industry could

In the Middle East, British Smelter Constructors has won a contract to build a 135,000 tonnes plant at a cost of \$500m. in Dubai, and other schemes are at various stages of preparation in Egypt, Algeria, Iraq, Iran and elsewhere. The French producer, Pechiney, is also to construct a £180m. plant in the Soviet Union to produce 1m. tonnes per year of alumina—the intermediate stage between bauxite ore and aluminium. This is likely to be followed by a 300,000 tonnes aluminium smelter, boosting probably by around 25-30 per cent. estimated by Russian aluminium capacity.

The big established producers, through helping in some cases with feasibility studies, have so far been wary of involvement in most of the new projects.

The main exception are the Japanese who have arranged to take metal from some of the new plants, including the Venezuelan smelter. But the Japanese have a special problem in finding a replacement for the very high cost aluminium produced by Japan's oil-burning smelters.

The caution shown by the other groups has been imposed partly by the industry's financial problems, and by a reluctance to get involved in making aluminium for its own sake.

For some time the established companies have been seeking to reduce their dependence on highly cyclical sales of aluminium ingot, by devoting more of their resources to the manufacture of semi-fabricated products, such as sheet for making cans and packaging foil, and extrusions for use by building and motor component industries.

They have, in any case, been doubtful about the economics of some of the new developing country schemes. Much better financial results, coupled with more favourable trends in energy and bauxite supply, now seem likely to give the established producers greater flexibility to choose when and where they will become involved—or whether to go ahead with their own projects—and to dictate the terms of their participation.

As a result of the recession the companies have found a breathing space in which to plan ahead their raw material supply. In bauxite and the much reduced requirements of the industry as a result of the big drop in production last year has weakened the bauxite producers' efforts to establish a common front. Jamaica, which led the way in 1974 with a major increase in levies, last year had to lower the minimum production requirements imposed on the companies and postpone plans for increases in charges.

The big companies have also widened their supply net.

Mr. Cornell Maier, president of Kaiser which reached agreement

with the Jamaicans some time ago on the future management and control of its operations on the island, pointed out recently that although currently drawing 70 per cent. of its supplies from the island, the nearest source of bauxite to the U.S., his company could step up shipments from Australia. Brazil is also likely to become a major new source of supply for North America.

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In bauxite the industry could

### WORLD ALUMINIUM SMELTER CAPACITY

	(1,000 metric tonnes)					Estimated		
	Actual	1972	1973	1974	1975	1976	1977	1978
Europe	2,915	3,179	3,528	3,634	3,729	3,753	3,832	3,852
Africa	264	264	309	384	414	479	494	512
Asia	1,420	1,614	1,821	2,028	2,160	2,193	2,242	2,272
N. & Cent. America	5,475	5,530	5,603	5,581	5,663	5,772	5,871	5,971
S. America	204	228	251	406	406	481	525	525
Oceania	315	343	343	347	347	398	398	398
Total	10,593	11,158	11,855	12,380	12,770	13,026	13,220	13,220
Total Increase	—	545	697	525	390	256	11	11
Change (per cent.)	—	+5.3	+6.2	+4.4	+3.2	+2.0	+1.1	+1.1

Source: Barts. Fr. of Torg

### THE CLIMB FROM RECESSION

	ALCOA	1975	1976	1977	1978
	1st quarter	2nd quarter	1st quarter	2nd quarter	3rd quarter
Sales	\$m.	\$m.	\$m.	\$m.	\$m.
Income	\$m.	\$m.	\$m.	\$m.	\$m.
Shipments	(1,000 tonnes)				

REYNOLDS

	REYNOLDS	1975	1976	1977	1978
	1st quarter	2nd quarter	1st quarter	2nd quarter	3rd quarter
Sales	\$m.	\$m			



# Watching for new smoke signals

BY KENNETH GOODING

IE DAY is not far off when the British will be offered some varieties not made entirely of tobacco. It is expected that next year a number of brands will go on sale in the UK which will contain some of the new smoking materials developed partly in response to the growing concern about the effect of smoking on health.

The attention of the tobacco industry the world over will be focused on the UK and what happens here will provide a lead for many other countries.

The timing of the change depends on when the committee, headed by Dr. Robert Hunter, Chancellor and principal of Birmingham University, gives the green light. This committee is set up in 1973 to look into the whole question of smoking and health, and has been responsible for monitoring the work done on new smoking materials.

The question is: Will smokers buy cigarettes with supplement when all tobacco brands are freely available?

## Dismal flop

The cigarette manufacturer believes it would be dangerous to tamper with the blend used for any brand already selling well. This undoubtedly would change its characteristics. But the outlook for any new brand is remarkably uncertain—it is estimated that 98 per cent of brands launched over the past ten years have failed.

The experience of the supplement cigarettes launched in West Germany at the end of 1975 also caused a shudder through the industry. Two brands were put on the market

and both flopped dismally.

These failures were enough to cause the German-based international chemical concern, Bayer, to re-think its involvement in tobacco supplements. This is something they are ready to do pretty quickly.

But getting tacit reassurance that the new materials will not do damage to the smoker is only part of the story. The marketing problems remain, because so far there is very little evidence about how the smokers will react to cigarettes containing the supplements.

In the past the public has been offered and bought cigarettes containing tobacco mixed with any number of other substances. Lime flowers, clover, watercress, raspberry and chrysanthemum leaves and dandelions were all tried. However, this was during the first and the second world wars, when the cigarette manufacturers just could not get enough tobacco.

The question is: Will smokers

buy cigarettes with supplement when all tobacco brands are freely available?

**Manufacturers have to carry**

out tests in three stages. The first consists of assays of smoke prove that the supplements NSM. Two thirds of this expensive business can be a worthwhile dilute is borne by Imperial Tobacco. Courtaulds could have a plant in production within a year from a decision to go ahead. This would involve the investment of £10m. to £20m.

If the results of this first stage are approved, then there

Two other organisations which should be able to produce 300 lbs. of NSM a year and have

group has not quit the arena between £6m. and £7m. on the entire. If other companies developing a supplement called incorporated into the two supplement brands launched by Imperial Germany—Peer Leicht from the Brinkmann concern and Leicht Clasen from British-American Tobacco, the former containing 20 per cent, and the latter 25 per cent of Cyrel.

Mr. Lauri Musket, manager

of Cyrel which was incorporated into the two supplement brands launched by Imperial Germany—Peer Leicht from the Brinkmann concern and Leicht Clasen from British-American Tobacco, the former containing 20 per cent, and the latter 25 per cent of Cyrel.

Mr. Shepherd suggests that there could be a discrepancy between supply and demand of about 300m. lbs in tobacco leaf by 1984. Against this, he provides an estimate that, at all, one well for supplements, then an annual consumption of around 300m. lbs by that year is "not an unreal expectation."

## Shortage

Thus, supplements would offset only part of the shortage of tobacco and Mr. Shepherd feels that they could be absorbed into cigarettes "without seriously affecting the demand for natural tobacco or the prices paid to farmers."

If annual consumption of the supplements does reach 300m. lbs, then the investment made by ICI, Imperial and Celanese will pay off handsomely. Courtaulds and Bayer would certainly sit back in on the autumn to see "we are ready to supply a market should it develop in a very short time," Bayer says.

In the shorter term everyone is waiting for the testing of the UK market where the tobacco companies have taken good care to see that the public and the media have been better informed about the supplements than was the case in Germany. The industry generally supports the view expressed by Mr. Altmann.

"We expect a gradual build up of demand, not an overnight success." But, as Mr. Shepherd points out in his EU paper, if the cellulose-tobacco blends sell well in the UK, repeating the Swiss experience, then supplement manufacturers can breathe a sigh of relief, if not, then they must start asking whether it was all worthwhile.

Imperial's £1m. plant at Ardeer in Scotland is ready for full production.

Acknowledgment

to let other companies carry on with the pioneering work for a while.

In the U.K., Courtaulds has taken a similar step, but for a different reason. Like some other groups involved in the supplements business, Courtaulds came in because the new smoking materials were developed from existing cellulose technology.

The group was already supplying the industry as a major manufacturer of cigarette filters and filter tow.

Over the past ten years

Courtaulds has spent around £1m. on research and development on its supplement—called Tabrelle—but stopped short when it saw the guidelines published by the Hunter committee in July last year outlining what manufacturers must do before being able to market their products.

But it made it clear that

humans also left the arena, room for expansion. Since its

the smoke with a maximum dose of 40 cigarettes a day. The Wholesalers Society's project was brought to a halt once it saw full production and 100 of its planned 150 employees have

been taken on and are standing by for the time when the Hunter committee tests would cost.

This is all followed by the third stage which consists of long-term studies on animals which should last about two years.

Courtaulds estimated that the

costs it would face to go through all these stages would be between £2m. and £3m. "We knew others were committed to a big investment but we were not. So it seemed sensible to pause—to let others get on and size up how they get on commercially as well as how the Hunter committee procedure works out," says Sir Arthur Knight, Courtaulds' chairman.

This has left only a few companies to continue the spade work of developing the market. They include Imperial Chemical Industries and Imperial Tobacco. These two are huge "Cyrel." It has a plant in Maryland to produce Cyrel groups but, even so, the investment they have ploughed in so far—more than £20m.—is a significant sum.

ICI and Imperial have a joint venture with Gallaher and Carreras Materials, which has spent be-

## Letters to the Editor

### Wages and inflation

demanded except that wage inflation can (because in the Americans insist that the so-called "cost escalation scheme" operated by the British and French infringes the Articles of the General Agreement on Tariffs and Trade, and they have raised the issue on the world trade negotiations in Geneva. Whether the Americans are right or wrong in their allegations, it does not seem worthwhile antagonising countries for such doubtful advantages and if it is responsible for the ills. But it is wrong to blame the consequences of earlier errors and mismanagement on those who have inherited the thankless task of introducing the corrective measures.

If we are looked upon as a nation that will make agreements on the one hand and then look for ways and means to escape from them, it will certainly affect our reputation and our integrity. All this unnecessary antagonism could easily be avoided if the exporters in this country were to sell their goods in dollars or currencies other than sterling. There is certainly no disadvantage for the customers to buy in dollars as all transactions can readily be calculated at the rate of exchange ruling on the date of the sale. The only disadvantage to the British exporter would be if goods were labelled in sterling and some time elapsed before payment was effected and in the meantime sterling had fallen in value.

In my view the present Government of Chile has done far better than could be expected by anyone who was familiar with the economic and political chaos at the time they were forced to step in. One cannot mix political creeds with facts on economic performance and one cannot lay the blame for the hardship caused by Chile's current effort for regaining stability at the doorsteps of the Junta.

Ernst Keller  
6275 Beckenham NW.  
Chalet Buer Retiro, Switzerland

### Municipal transport

From the Chief Executive, Histon Borough Council

Sir.—In your home news item (August 4) on the National Bus Company's response to the Government Transportation Policy Document, you referred to the case advanced by the NBC for taking over the bus undertakings of district councils. I offer you the following facts which relate to the bus undertaking of one quite ordinary and quite typical district council—Histon Borough Council in Cheshire.

Our fare levels are approximately 50 per cent lower than comparable urban routes that those of the NBC. The underfunding is in no way subsidised from the central county council or from the district council's general rate fund. It is operated as a trading undertaking, and will this year provide a surplus of approximately £50,000. It is entirely deficit-free. Its buildings and its buses are purchased through renewal funds assiduously built up out of surpluses over years past.

During public participation on the county council's structure plan, the only favourable comment made upon public transport anywhere in the county, related to the efficiency and service of the undertakings, was made by Mr. A. Monnickendam, 86, Hatton Garden, E.C.I.

The state of Chile

From Dr. E. Keller

Sir.—There is mainly one thing wrong with Mr. O'Shaughnessy's report on Chile (July 13); its headline: it should read "The social cost of the Chilean Marxist Experiment." It is the previous administration which is squarely responsible for Chile's present predicament and hardship, the sharp recession, the decline in real income, and the temporary high unemployment.

Consumption charges and minimum charges have risen steadily over the past seven years, and as our consumption of water has increased to any great extent, we have in effect been paying an increased price per thousand gallons due to our low consumption. If we cut that consumption still further the cost per thousand gallons will increase further, plus the cost incurred in recycling and pumping, etc. It is hard to see how equipment for recycling can be paid for out of water savings in a matter of months," as Mr. Millington states.

Anyone who has some knowledge of the fundamental principles of economics is well aware of how it is for a Government to incite a run-away inflation and how terribly hard it is to contain and eradicate it. It is also known that the cure for a galloping inflation is a reduction in spending and in printing and circulation of money. The result invariably is a temporary recession and, inevitably, a rise in unemployment. One does not have to go all the way to Chile to witness this. This cure, however, is all the more painful in developing countries where, even without recession, unemployment and

the relationships between unemployment and wage inflation are of desperate importance for the management of the economy. Unfortunately very little is known about it and, in any case, whatever has yet been

Ronald Turton,  
Musket Building,  
Woking, Surrey.

### Sell in hard currency

From the chairman, A. Montickendam

Sir—I understand the EEC Commission is opposing the new Government Export Credit Guarantee Department (August

## To-day's Events

### COMPANY MEETINGS

Central Government financial transaction (July), including borrowing requirement, published by Treasury.

Summer Flower Show opens, Royal Horticultural Society Hall, Vincent Square, SW1.

COMPANY RESULTS

Securicor Group (half-year), Security Services (half-year), Smith and Nephew Associated Companies (half-year).

Opera and London Philharmonic Orchestra, conductor Bernard Haitink, in concert performance of Pelleas et Melisande, Royal Albert Hall, SW7, 7 p.m.

BALLET

Dance Theatre of Harlem perform Alceste Brillante, The Combat Manifestation, and Peers Special.

OPERA

English National Opera production of The Mastersingers of Nuremberg, by Wagner, Coliseum Theatre, WC2, 5.30 p.m.

MUSIC

Academy of St Martin-in-the-Fields, conductor Neville Marriner, with Iona Brown (violin), play music by Kodaly, Copland and Virgil, Queen Elizabeth Hall, SE1, 7.45 p.m.

Wilkinson Match, The Dorchester, W. 11.30.

Yachting: European 420 championships, Manchester; Dinghy Championships, Dun Laoghaire, Eire.

Glyndebourne Festival

Opera and London Philharmonic Orchestra, conductor Bernard Haitink, in concert performance of Pelleas et Melisande, Royal Albert Hall, SW7, 7 p.m.

SPORT

Golf Club professional championships, Merton; Irish Amateur Championships, Royal Portrush.

Tennis: Under-21 championships, Manchester.

Yachting: European 420 championships, Dun Laoghaire, Eire.

Henry Wood Promenade Concerts, Glyndebourne Festival

The way you buy steel leaves little to smile at...

You bought huge lots and stockpiled them six months ago...

...and you borrowed the money to buy. Now you're lumbered...

with interest charges...

...and storage costs...

If that's not depressing enough...

much of that steel is now obsolete. Surely there's a better way?

Facing facts about steel buying could give British industry something to smile about.

At first sight, buying steel direct and stockpiling it seems to make sense. But not to a hard-nosed cost accountant.

The true cost of steel is what you pay for it, plus the cost of the money to buy it, plus the cost

to store it, process it and the cost of scrap.

If industry bought steel as and when it needed it, tailor-made and delivered fast from the nearest Steelstock centre, it could save 20% or even more.

There's a paper that proves it. It's free.

Phone 021-556 1254.

**GKN STEELSTOCK**  
pays for your steel until you need it

# COMPANY NEWS + COMMENT

## Manchester Ship Canal midway upsurge

FIRST-HALF 1976 pre-tax profit of the Manchester Ship Canal Company improved substantially to £2,300,028, compared with £748,843 in the first half last year and is in excess of the £1,806,720 for the year 1975.

Competition continued to be intense, but the company is encouraged by the achievement, says the chairman Mr. D. K. Redford. "We shall make the most of opportunities if, as we hope, we begin to see some real signs of better world trading conditions," he adds.

Earnings per £1 share for the six months increased from 9.4p to 30.7p, and the interim dividend is lifted from 8p to 6.5p net. Last year's total was 2.608p.

Operating revenue expanded from £30,000 to £10,737m, in the first half. Profit includes £433,498 surplus on land sales over valuation.

The slightly stronger trading position in the final quarter of 1975 improved in the first half of 1976.

**Half year 1976 1975**

Operating revenue	£10,737,000	£6,282,028
Operating profit	£1,288,724	£748,843
Profit before tax	£1,000	£1,806,720
Surplus on land sales	£433,498	£3,432
Profit after tax	£1,000	£15,492
Dividends declared etc.	£2,300,028	£748,843
Pretax profit	£1,000	£1,806,720
Taxation	£1,000	£1,806,720
Net profit	£1,000	£15,492
Retained	£66,053	£24,490

### • comment

The pre-tax profit of Manchester Ship Canal includes 50.4m. on profits on land sales. But even if that is stripped out, profits are more than double those of last year. The reasons are that volume has recovered by 5 per cent, there have been two price rises and the labour disputes of 1975 have not recurred. One result of better profits is that the high level of capital expenditure continues to finance the services the company provides, well supported by cash flow which has been strong enough both to pay for the expenditure and to improve liquidity. The company's profits this year depend largely on the level of world trade and the prospects look good. In spite of the political climate, Manchester is one of the few major independent ports left and nationalisation has long been expected, but the port goes on regardless of the threat. Indeed the Minister of Transport indicated last week that nationalisation of the remaining ports may not come for some time. Meanwhile the maximum prospective yield on the shares at 175p, up 10p yesterday, is 12.7 per cent, which should be covered more than twice this year.

## New offshoot for Oil Exploration

**Oil Exploration (Holdings) has formed a new subsidiary, Oil Exploration (Scotland), which will participate in the oil and gas on the U.K. continental shelf and elsewhere.**

Authorised capital of the company is 20.5m.

**Rexmore Limited**

**Winchester London Trust**

**Brahام Millar**

### INDEX TO COMPANY HIGHLIGHTS

Company	Page	Col.	Company	Page	Col.
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Brahams Millar	15	4	Manchester Ship	14	1
Caledonian Trust	16	2	Phoenix Timber	14	4
Commercial Union	15	1	Premier Oil	14	7
E.C. (Holdings)	14	6	Property Investment	15	3
Farral Bridge	15	2	St. Kite (London)	16	2
Glasgow Stockholders	14	4	Scottish Western	14	2
Graham Wood Steel	15	1	United Gas	14	3
Grendon Trust	14	2	Winchester London	14	3
Johnson-Richards Tiles	16	1	Yeonman Investment	15	4

ably once again and it is hoped that moves may then be made to apply for the suspension of the stock exchange quotation to be lifted, says the chairman, Mr. S. G. Jeafcoate.

There are estimated losses available for tax relief against future profits of £60,000 and of the subsequent £220,000, a total of £270,000.

Meeting: Wetherham Hotel, Wetherham Place, S.W., September 2, at 2.30 p.m.

## Phoenix Timber recovery

ON VIRTUALLY unchanged sales of £30,83m., pre-tax profit of Phoenix Timber Co. advanced from £261,000 to £440,000 in the year to March 31, 1976.

When reporting first half profit down from £301,000 to £220,000, the directors forecast some improvement in profit margins during the second half.

Earnings per 25p share for the year increased from 3.3p to 8.1p, and the dividend is stepped up to 3.47p net, against a forecast of maintenance of 3.2p, with a final of 1.9p.

The chairman, Mr. A. B. Gourvitch, says that the first three months of trading in the current year have produced exceptionally good results on the basis of which it is expected that group pre-tax profit for first half will exceed that earned for whole of last year.

However, there are so many uncertainties which could affect the second half year, including the proposed cuts in local authorities' expenditure, that it would be premature to forecast trading outcome for full year, he adds.

Although results show "a considerable" improvement, they neither provide an adequate return on the capital employed, the chairman states. Satisfactory features are a substantial increase in turnover, and a marked contribution to profit made by overseas subsidiaries. Unsatisfactory features derive from the high cost of all types of energy, and the mild winter, both of which meant that the group's heating appliance companies suffered from lack of demand.

The chairman points out that electricity as a method of heating is not popular at the moment because its high cost and Berry Magical has inevitably suffered because of this, but the loss on trading, while still significant, was very much less than in the previous year. The future of this company can never be satisfactory until electricity comes back into its own as a competitively priced energy source, he says.

One of the departments of Berry Magical was a cabinet factory at Braintree which manufactured wooden cabinets for electric and gas fires. It had very little other business and therefore suffered indirectly from the problems in the appliance business. It has therefore been sold.

Sir Leonard Atkinson, who retires at the AGM, has decided not to seek re-election.

A statement of source and application of funds shows a net increase in bank indebtedness of £157,000 (£113,000).

Bankers Keyser Ullmann has agreed to make a facility available to implement the scheme.

**• comment**

A 30 per cent cut in second-half interest charges has put E.C. (Holdings)'s profits back on the upturn path after 18 months of decline. This has pushed full-year profits up by 68 per cent, pre-tax, despite a 6 per cent drop at the trading level and a marginal fall in annual sales. The group concentrated on trimming stocks throughout the year, reducing the year-end figure by roughly £1m. to about £7.2m. This effectively wiped around £860,000 from overall borrowings, dropping them to £3.4m. where they represent 69 per cent of shareholder funds.

The chairman points out that the company is one of the leading players in the building industry. That together with a statement of source and application of funds shows a net increase in bank indebtedness of £157,000 (£113,000).

At July 21, Hammar Trust held 26.4 per cent of the issued capital.

Meeting: Connaught Rooms, W.C., on September 9 at noon.

**A-Industrials on Morris holding**

Mr. Per Hegard, deputy chairman and managing director of Amalgamated Industries, said during the annual meeting yesterday that the group would challenge in Court the order made under the Fair Trading Act which sought to force the company to dispose of its 38 per cent holding in Loughborough crane manufacturers, Herbert Morris.

The Monopolies Commission, which decided that the AI bid for Morris was "against the public interest," has recommended that the holding be reduced to under 10 per cent. Having taken the advice of leading industrialists, the view is that the Secretary of State for Prices and Consumer Protection could force AI to sell only 150,000 shares in Morris—the block that sparked off the bid under the City Code when it was purchased. The bulk of the bid under the City Code when it was purchased. The bulk of the bid under the City Code when it was purchased. The bulk of the bid under the City Code when it was purchased.

In this way, the company has the opportunity to trade profitably.

Mr. Hegard, chairman, A. T. "Teddy" Smith (chairman of A.I.) were voted off the Herbert Morris Board last week at that company's annual meeting. The day before, AI had issued a statement which gave an undertaking that the holding would not be disposed of in Morris until the disposal of the shares in Morris had been completed. The issue now rests with the Office of Fair Trading, which advises the Secretary of State. All is now expected to meet the O.F.T. tomorrow.

Mr. Hegard said that despite having lost representation on the Morris Board, AI could still consolidate the holding in its own account.

He also said that AI retained the right to sell the holding to a single buyer and confirmed that some soundings had been taken by third parties. A single buyer would immediately trigger off a full bid and that, depending on the identity of the buyer, could lead to a fresh reference to the Monopolies Commission.

Certain quoted investments were sold in March, 1976, and there is no intention at present to reinvest in stocks and shares. The directors feel that the best course of action is to continue to reduce the level of borrowings and then gradually increase the amount of cash held in hand. The group's principal business of property dealing and development in this way, the company has the opportunity to trade profitably.

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## Johnson-Richards working full time

MR. D. H. JOHNSON, chairman of R. and R. Johnson-Richards, says in his annual statement that home market demand has shown some improvement and will require the deployment of additional marketing personnel and resources and action is being taken with the object of reversing the unsatisfactory position.

The successful introduction of a new range of wall tiles during last year is reported. However, the chairman states, that the results from flooring ranges have been disappointing and every effort is being made to develop this potentially rewarding market.

The maintaining of sales during the period under review was aided by the success of ceramic tiles.

In the year to March 31, 1975, as already reported, sales rose from £51.32m. to £60.8m. Profits expanded from £2.8m. to £4.8m. The contribution to profit in the second half was down on that of the first. Profits from overseas subsidiaries and associates showed an improvement but profits of the U.K. companies were not maintained.

Such a level of major capital expenditure, together with enormous increases in operating costs, increased first half profits beyond those permitted by the price code. Since under the code the company was unable to offset this surplus against previous under recoveries of costs, it was forced to defer a price increase until April 1976 and means that remaining rising costs affected profitability to a marked degree in the second half. However, the new code has made provision for monitoring profit margins over a twelve month period in future, so that this anomalous result should not recur. In the meantime a more substantial price increase now appears to be permissible and application was made for this to be implemented on August 2.

As to the demand position in the U.K., Mr. Johnson says, there has recently been some indication of an improving trend in exports which, despite devaluation of sterling and a great deal of effort designed to stimulate sales, stagnated during the year. This primarily resulted from world-wide over capacity during a much longer period of depression and consequent severe competition.

The area which causes the directors most concern is the of 38,000 tons could be achieved.

### Caledonian Trust up to £0.91m.

Meeting, Stoke-on-Trent, on September 1 at 12.30 p.m.

Chairman's statement Page 15

REVENUE before tax, of Caledonian Trust Limited, expanded from £20.3m. to £21.91m. in the year to June 30, 1976.

Earnings per 25p share are 1.4p (1.45p) and assuming full conversion of "B" shares 1.41p (1.25p). The dividend is stepped up from 1.3p to 1.4p with a final payment of 0.65p. An unchanged dividend of 0.45p is also declared for the current year.

Net assets per share increased by 9.7 per cent. from 75.2p to 82.5p.

1975-76 1974-75

Revenue before tax .....

Taxation .....

Net revenue .....

Dividends .....

Average ordinary dividends .....

Carried forward .....

1,496,877 1,089,101

£22,366 22,366

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## INTERNATIONAL COMPANY NEWS + EURO MARKETS

**Siemens shows cautious optimism after nine months**

BY GUTHAWITIN

**Siemens**, West Germany's largest electrical concern, is somewhat optimistic in today's interim report on the first nine months of 1976. Turnover up by an overall 8 per cent, up by an overall 8 per cent.

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s. Mitchell  
SSEY



Dr. Bernhard Pfeiffer

Net earnings at DM240m were down from the previous year, which ends September 30—more than ever an unchanged 18 per cent. No further up acquisition from the likely payout is even although the figures give some cause for hope.

World turnover in the first nine months totalled DM14.7bn, up from the same period last year, recorded in the same amount of DM14.7bn—with most of the growth coming from exports and services.

Domestic turnover advanced by 8 per cent, from DM6.8bn to DM7.4bn. Domestic exports also up 18 per cent, accounted for DM3.8bn.

**Sappi interim sales up but margins soften**

BY RICHARD KOLLE

JOHANNESBURG, August 9.

INTERIM results from Sappi, the pulp and paper producer controlled by Union Corporation, look like showing the extent to which South African companies are having trouble with their new company run harder to stand still amount the mining house can absorb 30 per cent of the cost increases in terms of the initial anti-inflation campaign.

Sappi's sales rose from R54.5bn to R65.5bn, but the sales of the main South African shipping group, Sofarmar, has risen sharply higher profits.

One of the fast-growing U.S. computer companies, TRW, has bought a 40 per cent stake in its British distributor, Ventek, and retaining 60 per cent in Venteck's owners, a subsidiary of a Canadian Government agency.

Since its formation in 1968, Ventek has grown to sales of £3.2m. a year, initially with intelligent terminals (customers including British Rail) and more recently with the TRW "Datapoint" small computer system.

TRW is expected to arrange similar deals with distributors in other countries.

Although many of its terminals are attached to IBM computers, Ventek declares itself to be a competitor of Britain's International Computers. This is especially significant in view of the fact that it is TRW and ICL who have split up the former empire of Singer Business Machines, TRW taking the U.S. business and ICL the international side.

Ventek said yesterday that the deal gives it access to new (TRW) products and established an even stronger base from which to build and expand the company. With nearly 1,000 datapoint systems installed in the U.K., Ventek claims to be TRW's leading distributor.

**TRW buys into U.K. distributor**

By Christopher Lorenz

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**Jardine Philippines**

JARDINE Davies, a Philippine corporation, announced yesterday that it is proposing to make a new issue of 3m. shares to the public and to seek a listing for all of the issued share capital on the local Philippine Stock Exchange.

This will enable greater participation in the company by Filipino investors.

**Half-Yearly Statement**

The premium income and new business figures for the half-year ended 30 June, 1976 were as follows (the corresponding figures for the six months to 30 June, 1975 are shown in brackets):

1. PREMIUM INCOME	
Ordinary Branch	£ 623,000
Premium Income	(5,166,000)
Investment Trust	
Retirement Annuities:	
Single premiums	38,000 (101,000)
Consideration for annuities granted	17,000 (22,000)
Industrial Branch	£ 5,876,000 (5,301,000)
Premium Income	1,326,000 (1,078,000)
General Branch	1,326,000 (1,078,000)
All risk of the General Branch are wholly reinsured.	
2. NEW BUSINESS FIGURES	
Ordinary Branch	
Sums assured	23,923,000 (24,983,000)
Renewal premium per annum	780,000 (840,000)
Industrial Branch	
Sums assured	19,065,000 (18,792,000)
Renewal premium per annum	1,405,000 (1,308,000)

It is emphasized that the new business figures at the half-year do not necessarily provide a reliable guide to those for the full year.

**London and Manchester Assurance Company Limited**

**Moët Hennessy**

At its meeting on 27th July, the Board of Directors of Moët Hennessy approved the accounts for the fiscal year ended 30th June, 1976. These show an after-tax profit of FF 25,925,899, including dividends received from subsidiaries and other financial interests and taking into account the expenditure of the holding company.

The Annual General Meeting of the shareholders will be held in Paris on 28th September, 1976.

Otherwise, the Board pointed out the major increase in the consolidated turnover of the group which for the first six months of 1976 reached FF 539,000,000, an increase of 26% as compared with the same period of the previous year, in spite of the loss of the franchise to sell Heineken beer from 1st January, 1976. In view of these favourable developments the Board will propose the distribution of a dividend of FF 7.90 per share or FF 11.85 including tax credit, an increase of about 10%.

**Brazilian Electric utility raising \$100m.**

BY MARY CAMPBELL

THE BRAZILIAN

Electric utility, a government-owned company in Brazil, has been raised before in the case of this particular company which, although involved in distribution rather than generation of electricity, is by far the largest utility in Brazil outside the public sector. The rationale for the provision of the guarantee is that the company needs to expand faster than its own resources allow.

The terms of the loan include a final maturity of eight years. A spread of 15 per cent will be paid during the first five years and a spread of 21 per cent on amounts outstanding after the end of the fifth year. The lead manager, Westdeutsche Landesbank, will fund the final year of the loan.

The development of individual areas of operation varied

Brazilian Government to guarantee a borrowing by a government-owned company in Brazil. However, it has been done before in the case of this particular company which, although involved in distribution rather than generation of electricity, is by far the largest utility in Brazil outside the public sector. The rationale for the provision of the guarantee is that the company needs to expand faster than its own resources allow.

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The development of individual areas of operation varied

**Euroloan for Spain signed**

BY JOHN WALKER

Financial Times Reporter

SWEDEN'S 200 largest companies increased their sales by 10 per cent in value by Kr.202.3bn. (£27.27bn.) during 1975. At the same time they increased their labour force by 50,000 people to 1.3m., according to the Stockholm business weekly "Viktens Affärer" in its annual survey of the country's top enterprises. This increase in the labour force came at a time when unemployment in the western countries continued to grow.

This meant that the 17 non-Spanish banks underwriting the loan will be putting up \$7m. each while the eight Spanish banks involved will be dividing \$111m. between them.

Spain has up to a year in which to draw the funds and there are limits on the amount it can take up at any one time during that period. The five year loan will pay participating banks a spread of 13 per cent.

**Elf buys Spanish**

The French State-controlled Elf-Aquitaine group has acquired full ownership of Empresas Nacionales de Petróleos de Navarra (Enpesa), a Spanish oil exploration firm with mining rights on some 224,000 square kilometres offshore and inland, sources close to the French group said yesterday. AP-DJ reports from Paris. Elf-Aquitaine owned 53 per cent of Enpesa's capital.

At the same time the French company sold its 33 per cent interest in Empresas Nacionales de Petróleos de Aragón (Enpas) to the Spanish State-owned National Industrial Institute (INI), the sources said.

**Japanese borrowing**

The European and U.S. debt markets will be seeing sharp reduction in Japanese corporate borrowings between September and December, underwriting sources said yesterday. AP-DJ reports from Tokyo. The Finance Ministry here is said to be under pressure to restrain Japanese firms' debt-raising abroad due to the already hefty flow of foreign exchange earnings from overseas.

The report stresses the good performance of savings deposits, up by 6.5 per cent, as against 4.5 per cent in the first half of 1975 to Sh.15.4bn. The placements of mortgage and communal bonds were also "very successful," with a rise of Sh.400m. CA loan issue in May was fully subscribed to by the public.

Last June the Creditanstalt was the first Austrian bank to upsize that since May the economic upswing has begun to be reflected in a growing demand for credits. The five-year issue was very well received and proceeds increased by 10 per cent to Sh.15.9bn. The five-year issue was very well received and proceeds increased by 10 per cent to Sh.15.9bn.

Despite the narrowing of margins between creditors and borrowers' interest rates, the medium-term foreign exchange credits for domestic and foreign clients.

Montedison refutes

A spokesman for Montedison yesterday denied weekend Press reports which said the group lost £22m. in the first four months of this year. The spokesman said the loss figure was a false estimate, but declined to give any alternative figure as he said the company does not publish interim figures of this sort.

The spokesman said May and June showed an improvement on the first four months, but were still in deficit.

**French issues fall**

Share and bond issues in France fell to Frs.13.17bn. in the second quarter of 1976, from Frs.15.45bn. in the first. Credit Lyonnais said in a communiqué. The first half total of Frs.28.62bn. compares with Frs.30.18bn. in the same 1975 period.

St. Lawrence has two existing cement plants in Canada, one in Quebec City, and has satisfied the FIRA by agreeing to spend more on the outskirts of Montreal over a specified period.

Ciment Independent was set

up ten years ago by the six Miron brothers of Montreal, with a new two-kiln plant at Joliette, 45 miles north-east of Montreal, and has been expanded into a four-kiln operation.

Fifteen years ago, the Miron brothers sold their first cement business in Montreal to the Belgian Société Générale group for Sc50m. cash, with the stipulation they would not build again on the island of Montreal for a specified number of years.

Now the Miron will become the second largest stockholders in St. Lawrence Cement.

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## WALL STREET + OVERSEAS MARKETS

## + FOREIGN EXCHANGES

## Small losses in shortened session

BY OUR WALL STREET CORRESPONDENT

PRICES CONTINUED to dip down—the state of Manufacturing Trade 0.64 to 108.66. Bass Metals eased 0.63 to 92.21 and Western Gas 0.63 to 92.21. But Golds put up 1.12 to 229.85. But Golds put up 1.12 to 229.85.

United Nuclear were down \$1 to \$301. Kerr-McGee gained \$1 to \$712. and Texas Instruments \$1 to \$117.

The Dow Jones Industrial Average shed another 2.54 to 804. Coca Cola Bottling of New York slipped \$1 to \$71 on 478,000 NYSE shares.

MCA gained \$1 to \$30, follow- ing slightly higher second quarter earnings, although it forecast lower results for the third quarter.

Grumman edged up \$1 to \$171 on higher second quarter profits. Briggs & Stratton rose \$1 to \$144, while higher quarterly profits.

Wallace-Murray moved up \$1 to \$181 on favourable comment. Mitto Electronics rose \$1 to \$181. Outboard Marine improved \$1 to \$291, after reporting third-quarter profits of \$1.88 (\$1.50) per share.

Gins were off \$1 to \$102. Foods, Chemicals and Electricals were mixed, while higher quarterly profits.

Most Foreign shares lost ground, although Germans were mixed and Americans steady.

AMSTERDAM—Mixed, due to the normal Summer doldrums, caution ahead of next week's Republican Presidential Convention, which will choose a candidate to assume the Democratic nominee.

Jimmy Carter plus disappointment over the rise in the nation's unemployment rate reported by the Government last week.

**MONDAY'S ACTIVE STOCKS**

	Stocks Closing	Change	Aug. 5	Aug. 6	Aug. 7	Aug. 8	Aug. 9	Aug. 10	Aug. 11	Aug. 12	Aug. 13	Aug. 14	Aug. 15	Aug. 16	Aug. 17	Aug. 18	Aug. 19	Aug. 20	Aug. 21	Aug. 22	Aug. 23	Aug. 24	Aug. 25	Aug. 26	Aug. 27	Aug. 28	Aug. 29	Aug. 30	Aug. 31	Aug. 32	Aug. 33	Aug. 34	Aug. 35	Aug. 36	Aug. 37	Aug. 38	Aug. 39	Aug. 40	Aug. 41	Aug. 42	Aug. 43	Aug. 44	Aug. 45	Aug. 46	Aug. 47	Aug. 48	Aug. 49	Aug. 50	Aug. 51	Aug. 52	Aug. 53	Aug. 54	Aug. 55	Aug. 56	Aug. 57	Aug. 58	Aug. 59	Aug. 60	Aug. 61	Aug. 62	Aug. 63	Aug. 64	Aug. 65	Aug. 66	Aug. 67	Aug. 68	Aug. 69	Aug. 70	Aug. 71	Aug. 72	Aug. 73	Aug. 74	Aug. 75	Aug. 76	Aug. 77	Aug. 78	Aug. 79	Aug. 80	Aug. 81	Aug. 82	Aug. 83	Aug. 84	Aug. 85	Aug. 86	Aug. 87	Aug. 88	Aug. 89	Aug. 90	Aug. 91	Aug. 92	Aug. 93	Aug. 94	Aug. 95	Aug. 96	Aug. 97	Aug. 98	Aug. 99	Aug. 100	Aug. 101	Aug. 102	Aug. 103	Aug. 104	Aug. 105	Aug. 106	Aug. 107	Aug. 108	Aug. 109	Aug. 110	Aug. 111	Aug. 112	Aug. 113	Aug. 114	Aug. 115	Aug. 116	Aug. 117	Aug. 118	Aug. 119	Aug. 120	Aug. 121	Aug. 122	Aug. 123	Aug. 124	Aug. 125	Aug. 126	Aug. 127	Aug. 128	Aug. 129	Aug. 130	Aug. 131	Aug. 132	Aug. 133	Aug. 134	Aug. 135	Aug. 136	Aug. 137	Aug. 138	Aug. 139	Aug. 140	Aug. 141	Aug. 142	Aug. 143	Aug. 144	Aug. 145	Aug. 146	Aug. 147	Aug. 148	Aug. 149	Aug. 150	Aug. 151	Aug. 152	Aug. 153	Aug. 154	Aug. 155	Aug. 156	Aug. 157	Aug. 158	Aug. 159	Aug. 160	Aug. 161	Aug. 162	Aug. 163	Aug. 164	Aug. 165	Aug. 166	Aug. 167	Aug. 168	Aug. 169	Aug. 170	Aug. 171	Aug. 172	Aug. 173	Aug. 174	Aug. 175	Aug. 176	Aug. 177	Aug. 178	Aug. 179	Aug. 180	Aug. 181	Aug. 182	Aug. 183	Aug. 184	Aug. 185	Aug. 186	Aug. 187	Aug. 188	Aug. 189	Aug. 190	Aug. 191	Aug. 192	Aug. 193	Aug. 194	Aug. 195	Aug. 196	Aug. 197	Aug. 198	Aug. 199	Aug. 200	Aug. 201	Aug. 202	Aug. 203	Aug. 204	Aug. 205	Aug. 206	Aug. 207	Aug. 208	Aug. 209	Aug. 210	Aug. 211	Aug. 212	Aug. 213	Aug. 214	Aug. 215	Aug. 216	Aug. 217	Aug. 218	Aug. 219	Aug. 220	Aug. 221	Aug. 222	Aug. 223	Aug. 224	Aug. 225	Aug. 226	Aug. 227	Aug. 228	Aug. 229	Aug. 230	Aug. 231	Aug. 232	Aug. 233	Aug. 234	Aug. 235	Aug. 236	Aug. 237	Aug. 238	Aug. 239	Aug. 240	Aug. 241	Aug. 242	Aug. 243	Aug. 244	Aug. 245	Aug. 246	Aug. 247	Aug. 248	Aug. 249	Aug. 250	Aug. 251	Aug. 252	Aug. 253	Aug. 254	Aug. 255	Aug. 256	Aug. 257	Aug. 258	Aug. 259	Aug. 260	Aug. 261	Aug. 262	Aug. 263	Aug. 264	Aug. 265	Aug. 266	Aug. 267	Aug. 268	Aug. 269	Aug. 270	Aug. 271	Aug. 272	Aug. 273	Aug. 274	Aug. 275	Aug. 276	Aug. 277	Aug. 278	Aug. 279	Aug. 280	Aug. 281	Aug. 282	Aug. 283	Aug. 284	Aug. 285	Aug. 286	Aug. 287	Aug. 288	Aug. 289	Aug. 290	Aug. 291	Aug. 292	Aug. 293	Aug. 294	Aug. 295	Aug. 296	Aug. 297	Aug. 298	Aug. 299	Aug. 300	Aug. 301	Aug. 302	Aug. 303	Aug. 304	Aug. 305	Aug. 306	Aug. 307	Aug. 308	Aug. 309	Aug. 310	Aug. 311	Aug. 312	Aug. 313	Aug. 314	Aug. 315	Aug. 316	Aug. 317	Aug. 318	Aug. 319	Aug. 320	Aug. 321	Aug. 322	Aug. 323	Aug. 324	Aug. 325	Aug. 326	Aug. 327	Aug. 328	Aug. 329	Aug. 330	Aug. 331	Aug. 332	Aug. 333	Aug. 334	Aug. 335	Aug. 336	Aug. 337	Aug. 338	Aug. 339	Aug. 340	Aug. 341	Aug. 342	Aug. 343	Aug. 344	Aug. 345	Aug. 346	Aug. 347	Aug. 348	Aug. 349	Aug. 350	Aug. 351	Aug. 352	Aug. 353	Aug. 354	Aug. 355	Aug. 356	Aug. 357	Aug. 358	Aug. 359	Aug. 360	Aug. 361	Aug. 362	Aug. 363	Aug. 364	Aug. 365	Aug. 366	Aug. 367	Aug. 368	Aug. 369	Aug. 370	Aug. 371	Aug. 372	Aug. 373	Aug. 374	Aug. 375	Aug. 376	Aug. 377	Aug. 378	Aug. 379	Aug. 380	Aug. 381	Aug. 382	Aug. 383	Aug. 384	Aug. 385	Aug. 386	Aug. 387	Aug. 388	Aug. 389	Aug. 390	Aug. 391	Aug. 392	Aug. 393	Aug. 394	Aug. 395	Aug. 396	Aug. 397	Aug. 398	Aug. 399	Aug. 400	Aug. 401	Aug. 402	Aug. 403	Aug. 404	Aug. 405	Aug. 406	Aug. 407	Aug. 408	Aug. 409	Aug. 410	Aug. 411	Aug. 412	Aug. 413	Aug. 414	Aug. 415	Aug. 416	Aug. 417	Aug. 418	Aug. 419	Aug. 420	Aug. 421	Aug. 422	Aug. 423	Aug. 424	Aug. 425	Aug. 426	Aug. 427	Aug. 428	Aug. 429	Aug. 430	Aug. 431	Aug. 432	Aug. 433	Aug. 434	Aug. 435	Aug. 436	Aug. 437	Aug. 438	Aug. 439	Aug. 440	Aug. 441	Aug. 442	Aug. 443	Aug. 444	Aug. 445	Aug. 446	Aug. 447	Aug. 448	Aug. 449	Aug. 450	Aug. 451	Aug. 452	Aug. 453	Aug. 454	Aug. 455	Aug. 456	Aug. 457	Aug. 458	Aug. 459	Aug. 460	Aug. 461	Aug. 462	Aug. 463	Aug. 464	Aug. 465	Aug. 466	Aug. 467	Aug. 468	Aug. 469	Aug. 470	Aug. 471	Aug. 472	Aug. 473	Aug. 474	Aug. 475	Aug. 476	Aug. 477	Aug. 478	Aug. 479	Aug. 480	Aug. 481	Aug. 482	Aug. 483	Aug. 484	Aug. 485	Aug. 486	Aug. 487	Aug. 488	Aug. 489	Aug. 490	Aug. 491	Aug. 492	Aug. 493	Aug. 494	Aug. 495	Aug. 496	Aug. 497	Aug. 498	Aug. 499	Aug. 500	Aug. 501	Aug. 502	Aug. 503	Aug. 504	Aug. 505	Aug. 506	Aug. 507	Aug. 508	Aug. 509	Aug. 510	Aug. 511	Aug. 512	Aug. 513	Aug. 514	Aug. 515	Aug. 516	Aug. 517	Aug. 518	Aug. 519	Aug. 520	Aug. 521	Aug. 522	Aug. 523	Aug. 524	Aug. 525	Aug. 526	Aug. 527	Aug. 528	Aug. 529	Aug. 530	Aug. 531	Aug. 532	Aug. 533	Aug. 534	Aug. 535	Aug. 536	Aug. 537	Aug. 538	Aug. 539	Aug. 540	Aug. 541	Aug. 542	Aug. 543	Aug. 544	Aug. 545	Aug. 546	Aug. 547	Aug. 548	Aug. 549	Aug. 550	Aug. 551	Aug. 552	Aug. 553	Aug. 554	Aug. 555	Aug. 556	Aug. 557	Aug. 558	Aug. 559	Aug. 560	Aug. 561	Aug. 562	Aug. 563	Aug. 564	Aug. 565	Aug. 566	Aug. 567	Aug. 568	Aug. 569	Aug. 570	Aug. 571	Aug. 572	Aug. 573	Aug. 574	Aug. 575	Aug. 576	Aug. 577	Aug. 578	Aug. 579	Aug. 580	Aug. 581	Aug. 582	Aug. 583	Aug. 584	Aug. 585	Aug. 586	Aug. 587	Aug. 588	Aug. 589	Aug. 590	Aug. 591	Aug. 592	Aug. 593	Aug. 594	Aug. 595	Aug. 596	Aug. 597	Aug. 598	Aug. 599	Aug. 600	Aug. 601	Aug. 602	Aug. 603	Aug. 604	Aug. 605	Aug. 606	Aug. 607	Aug. 608	Aug. 609	Aug. 610	Aug. 611	Aug. 612	Aug. 613	Aug. 614	Aug. 615	Aug. 616	Aug. 617	Aug. 618	Aug. 619	Aug. 620	Aug. 621	Aug. 622	Aug. 623	Aug. 624	Aug. 625	Aug. 626	



## STOCK EXCHANGE REPORT

# New Account in equities commences on a dull note

## Index down 3.4 at 369.9—Commercial Union disappoint

Account Dealing Dates 0.7 per cent. to 151.89 in the All-Share index.

\*First Declar. Last Account Dealings Date Dealings Day July 26 Aug. 5 Aug. 6 Aug. 17 Aug. 9 Aug. 19 Aug. 20 Sep. 1 Aug. 23 Sep. 2 Sep. 14

\*\* New date \* dealings may take place from 9.30 a.m. two business days earlier.

A new Account started yesterday, but there was no relief from the technicalities which have been faced by many miners over the last month or so. Forecasts of a trade deficit in the region of \$400m. when the July figures are published on Friday set the seal for a dull and uninteresting session in the leaders where investment buying was again notable only by its absence. After an uncertain start, the market settled into a scattered offering, and by noon the FT 30-share index was showing a loss of 3.6. Thereafter, prices barely stirred and the index ended a net 3.4 off on balance.

Publication of the Wholesale Price index for July appeared to have no impact on the Gilts-edged market where the only changes on the day were at the short-end of the market and amount to a few pence movement either way. The Government Securities index eased 0.02 to 62.25.

Company trading statements and week-end Press tips failed to produce much in the way of features in secondary issues. The slightly overall easier bias was shown in the nearly 2-majority of falls over rises in FT-quoted industrials. Disappointing interim results from Commercial Union, down 4 at 122p, after 120p, prompted dullness in other Composite insurances and the FT Actuaries share index for the sector gave up 1 per cent. to 99.50 compared with a loss of Composites eased in sympathy, but Midland 5 to 250p xd, and Lloyds plant may not be reopened.

### Comm'l Union down

A quiet insurance sector was featured by Commercial Union, which reflected disappointment with the half-year results by retreating to 119p before ending

picked up later to show little to 156p. Offered in exchange for Australia and New Zealand Banking El shares to effect the change of domicile, ANZ Group

loss of 3 to close unchanged at 151p. Phoenix were finally unaltered at 204p, after 200p, while Guardian Royal Exchange managed a net gain of 2 at 183p.

Life Offices were inclined to soften, although Britannia ended without alteration at 124p after touching 120p. Among relatively steady Lloyd's brokers, Hogg

220p, moved 2 p easier.

In Breweries, Tetley's, 165p, reacted 2p, after last

week's rise of 17p on news that Northern Foods had acquired a near 12 per cent. stake in the company.

Timbers were again well to the fore. In Building, Phoenix responded to the substantially higher earnings with a rise of 3 to 165p. Parker moved up 4 to 170p, both finished 2 easier.

Elsewhere, Easac Electronics declined 5 to 149p in front of 10-day's half-time figures, but

Abbey, still on the preliminary statement, shed another penny to 17p. Anglo American Asphalte

were quoted ex scrip issue at 17p.

Motors and Distributors were quiet with the rest of the market and showed little change. Leyland eased 2 to 150p, while GEC

145p, after 144p, and Plessey, 165p, after 144p, and Plessey, 165p,

improving 1/2 to 173p/32 xd.

The medium and longer end of the market again closed without alteration after having hovered either side of Friday's list price.

The anticipated scaling of investment currency from arbitrage sources failed to materialise yesterday and late in the day a modest demand took the premium up to 97 per cent. for a rise of 14 points. Yesterday's SE conversion factor was 0.7410 (0.7412).

Telx S.A. moved erratically in thin market; after opening higher at 102p on Friday's late business, the shares reacted to 96p before moving ahead to close with an overall rise of 10p.

Hambros Recent Equities, Hambrs, 165p, and Burt Brown, 160p xd, both around 5 higher.

Racial decline

Home Banks adopted a downward drift in idle trading before ending a shade above the day's worst. National Westminster

were finally 7 down at 206p, after 205p xd, with the new nil-

3 easier at 22p premium.

Barclays lost 6 to 245p, xd,

both around 5 higher.

Robinson slipped back 3 to 144p

with the new nil-paid 2 off at 250p premium.

Leslie and Godwin were a shade easier at 98p ahead of

Thursday's first-half results.

Midland, after Friday's rise of 9,

eased back 3 to 89p on light profit-taking.

Elsewhere, G. R. Downing reacted 6 to 110p, and

140p, shed 2 to 138p.

Marley had 4 to 15p on the scrip issue.

R. Costain, however, edged up 2

to 142p with the help of news

that the company has been

awarded contracts totalling about

220m. by the United Arab Emirates.

Watts Blake rose 4 to 125p, while other firm spots

ended 10p higher. Paint

345p, and Burt Brown, 160p xd,

both around 5 higher.

Blackwood, 140p, and





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To CHART ANALYSIS LIMITED,  
194-200 BISHOPSGATE, LONDON EC2M 4EP.

# FT SHARE INFORMATION SERVICE

## \*\*BRITISH FUNDS

High	Low	Stock	Yield	Int'l. Inv'd.	Int'l. Inv'd.	Int'l. Inv'd.	Int'l. Inv'd.
101%	99%	"Shorts" (Lives up to Five Years)	10.21	10.75			
101%	99%	Treasur 10pc 1982	9.94	10.21			
97%	95%	Treasur 10pc 1985	9.67	10.21			
97%	95%	Treasur 10pc 1988	9.67	10.21			
103%	91%	Treasur 10pc 1991	10.04	11.06	34%	26%	
95%	91%	Treasur 10pc 1994	9.41	10.75	7.6%	6.5%	
95%	91%	Treasur 10pc 1997	9.41	10.75	7.6%	6.5%	
101%	97%	Treasur 10pc 2000	9.77	10.21	9.2%	11.1%	
95%	91%	Treasur 10pc 2003	9.94	10.58	9.2%	10.9%	
95%	91%	Treasur 10pc 2006	9.94	10.58	9.2%	10.9%	
101%	97%	Treasur 10pc 2009	10.04	11.06	9.2%	10.9%	
95%	91%	Treasur 10pc 2012	9.77	11.06	7.7%	9.6%	
103%	97%	Treasur 10pc 2015	9.77	11.06	7.7%	9.6%	
95%	91%	Treasur 10pc 2018	9.77	11.06	7.7%	9.6%	
101%	97%	Treasur 10pc 2021	9.77	11.06	7.7%	9.6%	
95%	91%	Treasur 10pc 2024	9.77	11.06	7.7%	9.6%	
101%	97%	Treasur 10pc 2027	9.77	11.06	7.7%	9.6%	
95%	91%	Treasur 10pc 2030	9.77	11.06	7.7%	9.6%	
101%	97%	Treasur 10pc 2033	9.77	11.06	7.7%	9.6%	
95%	91%	Treasur 10pc 2036	9.77	11.06	7.7%	9.6%	
101%	97%	Treasur 10pc 2039	9.77	11.06	7.7%	9.6%	
95%	91%	Treasur 10pc 2042	9.77	11.06	7.7%	9.6%	
101%	97%	Treasur 10pc 2045	9.77	11.06	7.7%	9.6%	
95%	91%	Treasur 10pc 2048	9.77	11.06	7.7%	9.6%	
101%	97%	Treasur 10pc 2051	9.77	11.06	7.7%	9.6%	
95%	91%	Treasur 10pc 2054	9.77	11.06	7.7%	9.6%	
101%	97%	Treasur 10pc 2057	9.77	11.06	7.7%	9.6%	
95%	91%	Treasur 10pc 2060	9.77	11.06	7.7%	9.6%	
101%	97%	Treasur 10pc 2063	9.77	11.06	7.7%	9.6%	
95%	91%	Treasur 10pc 2066	9.77	11.06	7.7%	9.6%	
101%	97%	Treasur 10pc 2069	9.77	11.06	7.7%	9.6%	
95%	91%	Treasur 10pc 2072	9.77	11.06	7.7%	9.6%	
101%	97%	Treasur 10pc 2075	9.77	11.06	7.7%	9.6%	
95%	91%	Treasur 10pc 2078	9.77	11.06	7.7%	9.6%	
101%	97%	Treasur 10pc 2081	9.77	11.06	7.7%	9.6%	
95%	91%	Treasur 10pc 2084	9.77	11.06	7.7%	9.6%	
101%	97%	Treasur 10pc 2087	9.77	11.06	7.7%	9.6%	
95%	91%	Treasur 10pc 2090	9.77	11.06	7.7%	9.6%	
101%	97%	Treasur 10pc 2093	9.77	11.06	7.7%	9.6%	
95%	91%	Treasur 10pc 2096	9.77	11.06	7.7%	9.6%	
101%	97%	Treasur 10pc 2099	9.77	11.06	7.7%	9.6%	
95%	91%	Treasur 10pc 2102	9.77	11.06	7.7%	9.6%	
101%	97%	Treasur 10pc 2105	9.77	11.06	7.7%	9.6%	
95%	91%	Treasur 10pc 2108	9.77	11.06	7.7%	9.6%	
101%	97%	Treasur 10pc 2111	9.77	11.06	7.7%	9.6%	
95%	91%	Treasur 10pc 2114	9.77	11.06	7.7%	9.6%	
101%	97%	Treasur 10pc 2117	9.77	11.06	7.7%	9.6%	
95%	91%	Treasur 10pc 2120	9.77	11.06	7.7%	9.6%	
101%	97%	Treasur 10pc 2123	9.77	11.06	7.7%	9.6%	
95%	91%	Treasur 10pc 2126	9.77	11.06	7.7%	9.6%	
101%	97%	Treasur 10pc 2129	9.77	11.06	7.7%	9.6%	
95%	91%	Treasur 10pc 2132	9.77	11.06	7.7%	9.6%	
101%	97%	Treasur 10pc 2135	9.77	11.06	7.7%	9.6%	
95%	91%	Treasur 10pc 2138	9.77	11.06	7.7%	9.6%	
101%	97%	Treasur 10pc 2141	9.77	11.06	7.7%	9.6%	
95%	91%	Treasur 10pc 2144	9.77	11.06	7.7%	9.6%	
101%	97%	Treasur 10pc 2147	9.77	11.06	7.7%	9.6%	
95%	91%	Treasur 10pc 2150	9.77	11.06	7.7%	9.6%	
101%	97%	Treasur 10pc 2153	9.77	11.06	7.7%	9.6%	
95%	91%	Treasur 10pc 2156	9.77	11.06	7.7%	9.6%	
101%	97%	Treasur 10pc 2159	9.77	11.06	7.7%	9.6%	
95%	91%	Treasur 10pc 2162	9.77	11.06	7.7%	9.6%	
101%	97%	Treasur 10pc 2165	9.77	11.06	7.7%	9.6%	
95%	91%	Treasur 10pc 2168	9.77	11.06	7.7%	9.6%	
101%	97%	Treasur 10pc 2171	9.77	11.06	7.7%	9.6%	
95%	91%	Treasur 10pc 2174	9.77	11.06	7.7%	9.6%	
101%	97%	Treasur 10pc 2177	9.77	11.06	7.7%	9.6%	
95%	91%	Treasur 10pc 2180	9.77	11.06	7.7%	9.6%	
101%	97%	Treasur 10pc 2183	9.77	11.06	7.7%	9.6%	
95%	91%	Treasur 10pc 2186	9.77	11.06	7.7%	9.6%	
101%	97%	Treasur 10pc 2189	9.77	11.06	7.7%	9.6%	
95%	91%	Treasur 10pc 2192	9.77	11.06	7.7%	9.6%	
101%	97%	Treasur 10pc 2195	9.77	11.06	7.7%	9.6%	
95%	91%	Treasur 10pc 2198	9.77	11.06	7.7%	9.6%	
101%	97%	Treasur 10pc 2201	9.77	11.06	7.7%	9.6%	
95%	91%	Treasur 10pc 2204	9.77	11.06	7.7%	9.6%	
101%	97%	Treasur 10pc 2207	9.77	11.06	7.7%	9.6%	
95%	91%	Treasur 10pc 2210	9.77	11.06	7.7%	9.6%	
101%	97%	Treasur 10pc 2213	9.77	11.06	7.7%	9.6%	
95%	91%	Treasur 10pc 2216	9.77	11.06	7.7%	9.6%	
101%	97%	Treasur 10pc 2219	9.77	11.06	7.7%	9.6%	
95%	91%	Treasur 10pc 2222	9.77	11.06	7.7%	9.6%	
101%	97%	Treasur 10pc 2225	9.77	11.06	7.7%	9.6%	
95%	91%	Treasur 10pc 2228	9.77	11.06	7.7%	9.6%	
101%	97%	Treasur 10pc 2231	9.77	11.06	7.7%	9.6%	
95%	91%	Treasur 10pc 2234	9.77	11.06	7.7%	9.6%	
101%	97%	Treasur 10pc 2237	9.77	11.06	7.7%	9.6%	
95%	91%	Treasur 10pc 2240	9.77	11.06	7.7%	9.6%	
101%	97%	Treasur 10pc 2243	9.77	11.06	7.7%	9.6%	
95%	91%	Treasur 10pc 2246	9.77	11.06	7.7%	9.6%	
101%	97%	Treasur 10pc 2249	9.77	11.06	7.7%	9.6%	
95%	91%	Treasur 10pc 2252	9.77	11.06	7.7%	9.6%	
101%	97%	Treasur 10pc 2255	9.77	11.06	7.7%	9.6%	
95%	91%	Treasur 10pc 2258	9.77	11.06	7.7%	9.6%	
101%	97%	Treasur 10pc 2261	9.77	11.06	7.7%	9.6%	
95%	91%	Treasur 10pc 2264	9.77	11.06	7.7%	9.6%	
101%	97%	Treasur 10pc 2267					





# FINANCIAL TIMES

Tuesday August 10 1976



## Middle Eastern bank may take Bates stake

BY MARGARET REID

A MIDDLE EASTERN bank may take a stake in Edward Bates and deeply involved in finding a satisfactory solution to the problem of merchant bank in which Arab firms surrounding Bates, which interests already have a 25 per cent holding and whose future is which Arab interests have been taken being urgently discussed by the sizeable holding.

Bank of England. These interests partly repre-

senting its influence and wealth, are necessary backing for its influence and wealth,

This will follow the recent completion of an investigation by Price Waterhouse of funds from one or more of the Bates' difficulties, which are believed to flow from its loans to the troubled tanker and property industries.

The inquiry, which is believed to reveal an unhappy picture, was commissioned in May when Bates' share quotation was suspended.

A stand-by loan facility to protect depositors, who have £67m. in Bates, an authorised bank, was then made available by the Bank of England and First Arabian Corporation, owned by Saudi Arabian and other Middle East investors, which owns the 25 per cent share of England will continue to give

These funds have essentially come into the business since the major Arab holding was taken in May 1975, after Bates became more oriented to the Middle East following the sale of a large stake by Lord Rayne's London Merchant Securities and the appointment of Arabist Mr. David Keown-Boyd as chairman.

The First Arabian shares were bought at 37p, with an option on 15 per cent more at 55p. The price at the suspension was 20p.

It seems certain that as Bates

is an authorised bank, the Bank of England will continue to give

against the loan portfolio.

by more than £200m. of income domestic demand could put a flat and slightly depressed level tax rebates and the related brake on the rate of overall consumer spending is provided by the retail sales and hire-purchase figures for June, published yesterday.

This is underlined by the revision downwards of the seasonally-adjusted index of retail sales in June to 106.1 (1971=100) from the provisional estimate of 107. Although the revised figure is still higher than in May, a better guide to the underlying trend is given by taking an average of the April and May figures, 107.1, to iron out the distorting effect of the Budget.

Overall, volume of retail sales fell by half a per cent. between the first and second quarter, with the decline concentrated in clothing and footwear shops and other non-food outlets, including department stores and mail-order businesses.

For the first half of 1976 as a whole, the sales index was 14 per cent. higher than in the second half of 1975, but the recovery is still very modest, since the index was higher than now for the whole of the period from mid-1972 to mid-1975.

The official expectation that the level of consumer spending (of which retail sales are about half) will be similar between the first and second halves of the year will clearly depend on the stimulus to sales expected in the next few weeks.

## Plan for 10% benefit cut at London Indemnity

BY ERIC SHORT

TRE 54,000 policyholders in London Indemnity and General Insurance, the life company subsidiary of failed Jessel Securities, are being asked to accept a 10 per cent reduction in benefits as the price of being rescued by a consortium of 44 insurance companies.

Uncured creditors are offered 70p in the pound and shareholders 50p each under a Scheme of Arrangement sent yesterday to policyholders.

The document reveals that the liabilities of London Indemnity amount to £94.5m., of which £63.2m. is in income and growth bonds and £14.6m. in annuities. The present value of the assets is about 70 per cent. of this figure.

Details Page 14

## Weather

U.K. TO-DAY

MAINLY DRY with bright intervals. Cloudier, with some drizzle in N.W. Scotland. London, S.E. E. Cent. S.W. N.W. England, E. Anglia, E. Midlands, Channel Is., N. Wales, Lakes, L. of Man, S.W. Scotland, Firth.

Mosly dry; some sunny spells. Max. 23C (75F).

Glasgow, Argyll, Highlands, N. Ireland

Mostly dry with bright intervals. Max. 22C (72F).

W. Midlands, S.W. Cent. N. England, S. Wales

N.E. England, Borders, Edinburgh, Dundee, Aberdeen, Moray Firth.

Mosly dry; some sunny spells. Max. 23C (75F).

Newcastle, S.E. E. Anglia, E. Midlands, S. Wales, S.W. Scotland, Firth.

Mosly dry; some sunny spells. Max. 23C (75F).

Bristol, S.W. Cent. N. England, S. Wales, S.W. Scotland, Firth.

Mosly dry; some sunny spells. Max. 23C (75F).

Birmingham, S. Wales, S.W. Scotland, Firth.

Mosly dry; some sunny spells. Max. 23C (75F).

London, S.E. E. Anglia, E. Midlands, S. Wales, S.W. Scotland, Firth.

Mosly dry; some sunny spells. Max. 23C (75F).

Leeds, S.W. Cent. N. England, S. Wales, S.W. Scotland, Firth.

Mosly dry; some sunny spells. Max. 23C (75F).

Sheffield, S.W. Cent. N. England, S. Wales, S.W. Scotland, Firth.

Mosly dry; some sunny spells. Max. 23C (75F).

Nottingham, S.W. Cent. N. England, S. Wales, S.W. Scotland, Firth.

Mosly dry; some sunny spells. Max. 23C (75F).

Southampton, S.W. Cent. N. England, S. Wales, S.W. Scotland, Firth.

Mosly dry; some sunny spells. Max. 23C (75F).

Cardiff, S.W. Cent. N. England, S. Wales, S.W. Scotland, Firth.

Mosly dry; some sunny spells. Max. 23C (75F).

Wales, S.W. Scotland, Firth.

Mosly dry; some sunny spells. Max. 23C (75F).

Scotland, Firth.

Mosly dry; some sunny spells. Max. 23C (75F).

Northumbria, S.W. Scotland, Firth.

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